rights to a public agency or land trust generally does not pass any affirmative interest in the property. Rather than the right to develop the land, the buyer acquires the responsibility to enforce the negative covenants or restrictions stipulated in the development rights agreement.

Development rights may also be sold to individuals or a public agency through a transfer of development rights program. In this case, the buyer does acquire a positive right to develop land, but the right is transferred to a site that can accommodate growth.

DIFFERENTIAL ASSESSMENT

An agricultural property tax relief program that allows eligible farmland to be assessed at its value for agriculture rather than its fair market value, which reflects "highest and best" use. These take three different forms: preferential assessment, deferred taxation and restrictive agreements. Differential assessment is also known as current use assessment, current use valuation, farm use valuation and use assessment.

DOWNZONING

A change in the zoning for a particular area that results in lower residential densities. For example, a change from a zoning ordinance that requires 10 acres per dwelling to an ordinance that requires 40 acres per dwelling is a downzoning.

FARM LINK

A program that matches retiring farmers who want to keep their land in agriculture with beginning farmers who want to buy a farm. Farm Link programs are designed to facilitate farm transfer, usually between farmers who are not related to each other. Also known as Land Link.

FEE SIMPLE

A form of land ownership that includes all property rights, including the right to develop land.

GENERALLY ACCEPTED AGRICULTURAL AND MANAGEMENT PRACTICES (GAAMPS)

Agricultural practices that are widely used by farmers, promoted by agricultural institutions such as Extension and comply with federal and state environmental, health and safety laws and regulations. Some states have specific definitions of GAAMPs that may be used to determine whether a particular farm practice constitutes a public or private nuisance.

GEOGRAPHIC INFORMATION SYSTEM (GIS)

A method of storing geographic information on computers. Geographic information can be obtained from a variety of sources, including topographical maps, soil maps, aerial and satellite photographs and remote sensing technology. This information can then be used to create special maps for recordkeeping and decision-making purposes. GIS systems may be used to maintain maps of protected land or make decisions about which farmland to protect.

LAND EVALUATION AND SITE ASSESSMENT (LESA)

A numerical system that measures the quality of farmland. It is generally used to select tracts of land to be protected or developed.

LAND LINK

See farm link.

LAND TRUST

A private, nonprofit conservation organization formed to protect natural resources such as productive farm and forest land, natural areas, historic structures and recreational areas. Land trusts purchase and accept donations of conservation easements. They educate the public about the need to conserve land, and some provide land use and estate planning services to local governments and individual citizens.

GLOSSARY

For additional information on farmland protection, the Farmland Information Center offers publications, an on-line library and technical assistance. To order AFT publications, call (800) 370-4879. The farmland information library is a searchable database of literature, abstracts, statutes, maps, legislative updates and other useful resources. It can be reached at http://www.farmlandinfo.org. For additional assistance on specific topics, call the technical assistance service at (413) 586-4593.

LOCAL AGENCY FORMATION COMMISSION (LAFCO)

A California state agency existing in each county, LAFCOs consist of commissioners from city councils, county boards of supervisors and members of the general public. They function as boundary commissions with the power to approve or deny requests for annexation of land from unincorporated (county) areas into incorporated (city) areas. LAFCOs also have authority to incorporate cities, establish or modify "sphere of influence" boundaries, and create or expand special district boundaries.

MITIGATION ORDINANCE

An ordinance or section of an ordinance or state law that requires developers of agricultural land to protect an equivalent quantity of land with similar characteristics in the same political jurisdiction. In some cases, developers may satisfy the mitigation requirement by paying a fee.

NATURAL RESOURCES CONSERVATION SERVICE (NRCS)

Formerly known as the Soil Conservation Service, NRCS is a federal agency within the U.S. Department of Agriculture that provides leadership and administers programs to help people conserve, improve and sustain our natural resources and environment. The agency provides technical assistance to farmers and funds soil conservation and farmland protection programs. It also maintains statistics on farmland conversion. NRCS has offices in every state and in most agricultural counties.

PLANNED UNIT DEVELOPMENT (PUD)

A tract of land that is controlled by one entity and is planned and developed as a whole, either all at once or in programmed stages. PUDs are developed according to detailed site plans and may incorporate both residential and commercial land uses. They generally include improvements such as roads and utilities.

PREFERENTIAL ASSESSMENT

A form of differential assessment that permits eligible land to be assessed at its value for agriculture.

PURCHASE OF AGRICULTURAL CONSERVATION EASEMENTS (PACE)

PACE programs pay farmers to keep their land available for agriculture. Landowners sell an agricultural conservation easement to a qualified public agency or private conservation organization. Landowners retain full ownership and use of their land for agricultural purposes. PACE programs do not give government agencies the right to develop land. Development rights are extinguished in exchange for compensation. PACE is also known as purchase of development rights (PDR) and as agricultural preservation restriction (APR) in Massachusetts.

PURCHASE OF DEVELOPMENT RIGHTS (PDR)

See purchase of agricultural conservation easements.

REAL ESTATE TRANSFER TAX

A state or local tax imposed on the sale of real property.

RECEIVING AREA

Areas designated to accommodate development transferred from agricultural or natural areas through a transfer of development rights program.

RESTRICTIVE AGREEMENTS

A type of differential assessment that requires landowners to sign contracts to keep land in agricultural use for 10 years or more as a condition of eligibility for tax relief. If a landowner gives notice of intent to terminate a contract, the assessed value of the property increases during the balance of the term to the full fair market value.

RIGHT-TO-FARM LAW
A state law or local ordinance that protects farmers and farm operations from public and private nuisance lawsuits. A private nuisance interferes with an individual's use and enjoyment of his or her property. Public nuisances involve actions that injure the public at large.

SENDING AREA
Area to be protected through a transfer of development rights program. Landowners may sell their development rights to private individuals or a public agency; the rights are used to build homes in a designated receiving area.

SETBACK
A zoning provision requiring new homes to be separated from existing farms by a specified distance and vice versa.

SPECIAL ASSESSMENT
A charge that state and local governments can impose on landowners whose land benefits from the construction of roads or sewer lines adjacent to their property. The amount of the special assessment is usually the pro rata share of the cost of installing the improvement.

TAKING
An illegal government appropriation of private property or property rights. Traditionally, takings law has addressed physical seizures of land, but regulations that deprive landowners of certain property rights may also result in a taking in special circumstances. Courts decide whether a particular government action constitutes a taking.

TRANSFER OF DEVELOPMENT RIGHTS (TDR) PROGRAM
A program that allows landowners to transfer the right to develop one parcel of land to a different parcel of land to prevent farmland conversion. TDR programs establish "sending areas" where land is to be protected by agricultural conservation easements and "receiving areas" where land may be developed at a higher density than would otherwise be allowed by local zoning. Landowners in the sending area sell development rights to landowners in the receiving area, generally through the private market. When the development rights are sold on a parcel, a conservation easement is recorded and enforced by the local government. In some cases, the local government may establish a "TDR bank" to buy and sell development rights.
The development rights created by TDR programs are referred to as transferable development rights (TDRs) or transferable development credits (TDCs).

UPZONING
A change in the zoning for a particular area that results in higher residential densities. For example, a change from a zoning ordinance that requires 100 acres per dwelling to an ordinance that requires 25 acres per dwelling is an upzoning.

URBAN GROWTH BOUNDARY
A theoretical line drawn around a community that defines an area to accommodate anticipated growth for a given period of time, generally 20 years. Urban growth boundaries are a growth management technique designed to prevent sprawl. They are often used to guide decisions on infrastructure development, such as the construction of roads and the extension of municipal water and sewer services.

FARMLAND INFORMATION CENTER

FACT SHEET

COST OF COMMUNITY SERVICES STUDIES

American Farmland Trust

TECHNICAL ASSISTANCE
One Short Street, Suite 2
Northampton, MA 01060
Tel: (800) 370-4879
Fax: (413) 586-9332
www.farmlandinfo.org

NATIONAL OFFICE
1200 18th Street, NW, Suite 800
Washington, DC 20036
Tel: (202) 331-7300
Fax: (202) 659-8339
www.farmland.org

November 2002

DESCRIPTION

Cost of Community Services (COCS) studies are a case study approach used to determine the average fiscal contribution of existing local land uses. A subset of the much larger field of fiscal analysis, COCS studies have emerged as an inexpensive and reliable tool to measure direct fiscal relationships. Their particular niche is to evaluate working and open lands on equal ground with residential, commercial and industrial land uses.

COCS studies are a snapshot in time of costs versus revenues for each type of land use. They do not predict future costs or revenues or the impact of future growth. They do provide a baseline of current information to help local officials and citizens make informed land use and policy decisions.

METHODOLOGY

In a COCS study, researchers organize financial records to assign the cost of municipal services to working and open lands, as well as to residential, commercial and industrial development. Researchers meet with local sponsors to define the scope of the project and identify land use categories to study. For example, working lands may include farm, forest and/or ranch lands. Residential development includes all housing, including rentals, but if there is a migrant agricultural work force, temporary housing for these workers would be considered part of agricultural land use. Often in rural communities, commercial and industrial land uses are combined. COCS studies' findings are displayed as a set of ratios that compare annual revenues to annual expenditures for a community's unique mix of land uses.

COCS studies involve three basic steps:

1. Collect data on local revenues and expenditures.
2. Group revenues and expenditures and allocate them to the community's major land use categories.
3. Analyze the data and calculate revenue-to-expenditure ratios for each land use category.

The process is straightforward, but ensuring reliable figures requires local oversight. The most complicated task is interpreting existing records to reflect COCS land use categories. Allocating revenues and expenses requires a significant amount of research, including extensive interviews with financial officers and public administrators.

HISTORY

Communities often evaluate the impact of growth on local budgets by conducting or commissioning fiscal impact analyses. Fiscal impact analyses project public costs and revenues from different land development patterns. They generally show that residential development is a net fiscal loss for communities and recommend commercial and industrial development as a strategy to balance local budgets.

Rural towns and counties that would benefit from fiscal impact analyses rarely have the expertise or resources to conduct them, as studies tend to be expensive. Also, fiscal impact analyses rarely consider the contribution of working and other open lands uses, which are very important to rural economies.

Agricultural land is converted to development more commonly than any other land use. American Farmland Trust (AFT) developed COCS studies in the mid-1980s to provide communities with a straightforward and inexpensive way to measure the contribution of agricultural lands to the local tax base. Since then, COCS studies have been conducted in at least 95 communities in the United States.

FUNCTIONS & PURPOSES

Communities pay a high price for unplanned growth. Scattered development frequently causes traffic congestion, air and water pollution, loss of open space and increased demand for costly public services. This is why it is important for citizens and local leaders to understand the relationships between residential and commercial growth, agricultural land use, conservation and their community's bottom line.

COST OF COMMUNITY SERVICES STUDIES

For additional information on COCS studies and farmland protection contact AFT's Farmland Information Center (FIC.) The FIC offers reports, an online library and technical assistance. Call us at (800) 370-4879 or visit us on the Web at http://www.farmlandinfo.org.

COCS studies help address three claims that are commonly made in rural or suburban communities facing growth pressures:

1. Open lands—including productive farms and forests—are an interim land use that should be developed to their "highest and best use."
2. Agricultural land gets an unfair tax break when it is assessed at its current use value for farming or ranching instead of at its potential use value for residential or commercial development.
3. Residential development will lower property taxes by increasing the tax base.

While it is true that an acre of land with a new house generates more total revenue than an acre of hay or corn, this tells us little about a community's bottom line. In areas where agriculture or forestry are major industries, it is especially important to consider the real property tax contribution of privately owned working lands. Working and other open lands may generate less revenue than residential, commercial or industrial properties, but they require little public infrastructure and few services.

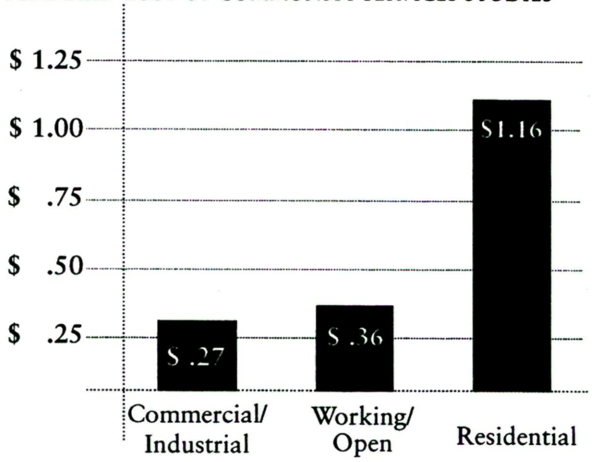
COCS studies conducted over the last 15 years show working lands generate more public revenues than they receive back in public services. Their impact on community coffers is similar to that of other commercial and industrial land uses. On average, because residential land uses do not cover their costs, they must be subsidized by other community land uses. Converting agricultural land to residential land use should not be seen as a way to balance local budgets.

The findings of COCS studies are consistent with those of conventional fiscal impact analyses, which document the high cost of residential development and recommend commercial and industrial development to help balance local budgets. What is unique about COCS studies is that they show that agricultural land is similar to other commercial and industrial land uses. In every community studied, farmland has generated a fiscal surplus to help offset the shortfall created by residential demand for public services. This is true even when the land is assessed at its current, agricultural use.

Communities need reliable information to help them see the full picture of their land uses. COCS studies are an inexpensive way to evaluate the net contribution of working and open lands. They can help local leaders discard the notion that natural resources must be converted to other uses to ensure fiscal stability. They also dispel the myths that residential development leads to lower taxes, that differential assessment programs give landowners an "unfair" tax break, and that farmland is an interim land use just waiting around for development.

One type of land use is not intrinsically better than another, and COCS studies are not meant to judge the overall public good or long-term merits of any land use or taxing structure. It is up to communities to balance goals such as maintaining affordable housing, creating jobs and conserving land. With good planning, these goals can complement rather than compete with each other. COCS studies give communities another tool to make decisions about their futures.

SUMMARY: COST OF COMMUNITY SERVICES STUDIES



Graph: Median cost—per dollar of revenue raised—to provide public services to different land uses.

SUMMARY OF COST OF COMMUNITY SERVICES STUDIES, REVENUE-TO-EXPENDITURE RATIOS IN DOLLARS

Community	Residential including farm houses	Commercial & Industrial	Working & Open Land	Source
Colorado				
Custer County	1 : 1.16	1 : 0.71	1 : 0.54	Haggerty, 2000
Saguache County	1 : 1.17	1 : 0.53	1 : 0.35	Dirt, Inc., 2001
Connecticut				
Bolton	1 : 1.05	1 : 0.23	1 : 0.50	Geisler, 1998
Durham	1 : 1.07	1 : 0.27	1 : 0.23	Southern New England Forest Consortium, 1995
Farmington	1 : 1.33	1 : 0.32	1 : 0.31	Southern New England Forest Consortium, 1995
Hebron	1 : 1.06	1 : 0.47	1 : 0.43	American Farmland Trust, 1986
Litchfield	1 : 1.11	1 : 0.34	1 : 0.34	Southern New England Forest Consortium, 1995
Pomfret	1 : 1.06	1 : 0.27	1 : 0.86	Southern New England Forest Consortium, 1995
Georgia				
Carroll County	1 : 1.29	1 : 0.37	1 : 0.55	Dorfman and Black, 2002
Idaho				
Canyon County	1 : 1.08	1 : 0.79	1 : 0.54	Hartmans and Meyer, 1997
Cassia County	1 : 1.19	1 : 0.87	1 : 0.41	Hartmans and Meyer, 1997
Kentucky				
Lexington-Fayette	1 : 1.64	1 : 0.22	1 : 0.93	American Farmland Trust, 1999
Maine				
Bethel	1 : 1.29	1 : 0.59	1 : 0.06	Good, 1994
Maryland				
Carroll County	1 : 1.15	1 : 0.48	1 : 0.45	Carroll County Dept. of Management & Budget, 1994
Cecil County	1 : 1.17	1 : 0.34	1 : 0.66	American Farmland Trust, 2001
Cecil County	1 : 1.12	1 : 0.28	1 : 0.37	Cecil County Office of Economic Development, 1994
Frederick County	1 : 1.14	1 : 0.50	1 : 0.53	American Farmland Trust, 1997
Kent County	1 : 1.05	1 : 0.64	1 : 0.42	American Farmland Trust, 2002
Wicomico County	1 : 1.21	1 : 0.33	1 : 0.96	American Farmland Trust, 2001
Massachusetts				
Agawam	1 : 1.05	1 : 0.44	1 : 0.31	American Farmland Trust, 1992
Becket	1 : 1.02	1 : 0.83	1 : 0.72	Southern New England Forest Consortium, 1995
Deerfield	1 : 1.16	1 : 0.38	1 : 0.29	American Farmland Trust, 1992
Franklin	1 : 1.02	1 : 0.58	1 : 0.40	Southern New England Forest Consortium, 1995
Gill	1 : 1.15	1 : 0.43	1 : 0.38	American Farmland Trust, 1992
Leverett	1 : 1.15	1 : 0.29	1 : 0.25	Southern New England Forest Consortium, 1995
Middleboro	1 : 1.08	1 : 0.47	1 : 0.70	American Farmland Trust, 2001
Southborough	1 : 1.03	1 : 0.26	1 : 0.45	Adams and Hines, 1997
Westford	1 : 1.15	1 : 0.53	1 : 0.39	Southern New England Forest Consortium, 1995
Williamstown	1 : 1.11	1 : 0.34	1 : 0.40	Hazler et al., 1992
Michigan				
Calhoun County				
Marshall Township	1 : 1.47	1 : 0.20	1 : 0.27	American Farmland Trust, 2001
Newton Township	1 : 1.20	1 : 0.25	1 : 0.24	American Farmland Trust, 2001
Scio Township	1 : 1.40	1 : 0.28	1 : 0.62	University of Michigan, 1994

SUMMARY OF COST OF COMMUNITY SERVICES STUDIES, REVENUE-TO-EXPENDITURE RATIOS IN DOLLARS

Community	Residential including farm houses	Commercial & Industrial	Working & Open Land	Source
Minnesota				
Farmington	1 : 1.02	1 : 0.79	1 : 0.77	American Farmland Trust, 1994
Lake Elmo	1 : 1.07	1 : 0.20	1 : 0.27	American Farmland Trust, 1994
Independence	1 : 1.03	1 : 0.19	1 : 0.47	American Farmland Trust, 1994
Montana				
Carbon County	1 : 1.60	1 : 0.21	1 : 0.34	Prinzing, 1999
Gallatin County	1 : 1.45	1 : 0.16	1 : 0.25	Haggerty, 1996
Flathead County	1 : 1.23	1 : 0.26	1 : 0.34	Citizens for a Better Flathead, 1999
New Hampshire				
Deerfield	1 : 1.15	1 : 0.22	1 : 0.35	Auger, 1994
Dover	1 : 1.15	1 : 0.63	1 : 0.94	Kingsley et al., 1993
Exeter	1 : 1.07	1 : 0.40	1 : 0.82	Niebling, 1997
Fremont	1 : 1.04	1 : 0.94	1 : 0.36	Auger, 1994
Groton	1 : 1.01	1 : 0.12	1 : 0.88	New Hampshire Wildlife Federation, 2001
Stratham	1 : 1.15	1 : 0.19	1 : 0.40	Auger, 1994
Lyme	1 : 1.05	1 : 0.28	1 : 0.23	Pickard, 2000
New Jersey				
Freehold Township	1 : 1.51	1 : 0.17	1 : 0.33	American Farmland Trust, 1998
Holmdel Township	1 : 1.38	1 : 0.21	1 : 0.66	American Farmland Trust, 1998
Middletown Township	1 : 1.14	1 : 0.34	1 : 0.36	American Farmland Trust, 1998
Upper Freehold Township	1 : 1.18	1 : 0.20	1 : 0.35	American Farmland Trust, 1998
Wall Township	1 : 1.28	1 : 0.30	1 : 0.54	American Farmland Trust, 1998
New York				
Amenia	1 : 1.23	1 : 0.25	1 : 0.17	Bucknall, 1989
Beekman	1 : 1.12	1 : 0.18	1 : 0.48	American Farmland Trust, 1989
Dix	1 : 1.51	1 : 0.27	1 : 0.31	Schuyler County League of Women Voters, 1993
Farmington	1 : 1.22	1 : 0.27	1 : 0.72	Kinsman et al., 1991
Fishkill	1 : 1.23	1 : 0.31	1 : 0.74	Bucknall, 1989
Hector	1 : 1.30	1 : 0.15	1 : 0.28	Schuyler County League of Women Voters, 1993
Kinderhook	1 : 1.05	1 : 0.21	1 : 0.17	Concerned Citizens of Kinderhook, 1996
Montour	1 : 1.50	1 : 0.28	1 : 0.29	Schuyler County League of Women Voters, 1992
Northeast	1 : 1.36	1 : 0.29	1 : 0.21	American Farmland Trust, 1989
Reading	1 : 1.88	1 : 0.26	1 : 0.32	Schuyler County League of Women Voters, 1992
Red Hook	1 : 1.11	1 : 0.20	1 : 0.22	Bucknall, 1989
Ohio				
Madison Village	1 : 1.67	1 : 0.20	1 : 0.38	American Farmland Trust, 1993
Madison Township	1 : 1.40	1 : 0.25	1 : 0.30	American Farmland Trust, 1993
Shalersville Township	1 : 1.58	1 : 0.17	1 : 0.31	Portage County Regional Planning Commission, 1997

SUMMARY OF COST OF COMMUNITY SERVICES STUDIES, REVENUE-TO-EXPENDITURE RATIOS IN DOLLARS

Community	Residential including farm houses	Commercial & Industrial	Working & Open Land	Source
Pennsylvania				
Allegheny Township	1 : 1.06	1 : 0.14	1 : 0.13	Kelsey, 1997
Bedminster Township	1 : 1.12	1 : 0.05	1 : 0.04	Kelsey, 1997
Bethel Township	1 : 1.08	1 : 0.17	1 : 0.06	Kelsey, 1992
Bingham Township	1 : 1.56	1 : 0.16	1 : 0.15	Kelsey, 1994
Buckingham Township	1 : 1.04	1 : 0.15	1 : 0.08	Kelsey, 1996
Carroll Township	1 : 1.03	1 : 0.06	1 : 0.02	Kelsey, 1992
Hopewell Township	1 : 1.27	1 : 0.32	1 : 0.59	The South Central Assembly for Effective Governance, 2002
Maiden Creek Township	1 : 1.28	1 : 0.11	1 : 0.06	Kelsey, 1998
Richmond Township	1 : 1.24	1 : 0.09	1 : 0.04	Kelsey, 1998
Shrewsbury Township	1 : 1.22	1 : 0.15	1 : 0.17	The South Central Assembly for Effective Governance, 2002
Stewardson Township	1 : 2.11	1 : 0.23	1 : 0.31	Kelsey, 1994
Straban Township	1 : 1.10	1 : 0.16	1 : 0.06	Kelsey, 1992
Sweden Township	1 : 1.38	1 : 0.07	1 : 0.08	Kelsey, 1994
Rhode Island				
Hopkinton	1 : 1.08	1 : 0.31	1 : 0.31	Southern New England Forest Consortium, 1995
Little Compton	1 : 1.05	1 : 0.56	1 : 0.37	Southern New England Forest Consortium, 1995
Portsmouth	1 : 1.16	1 : 0.27	1 : 0.39	Johnston, 1997
West Greenwich	1 : 1.46	1 : 0.40	1 : 0.46	Southern New England Forest Consortium, 1995
Texas				
Bandera County	1 : 1.10	1 : 0.26	1 : 0.26	American Farmland Trust, 2002
Hays County	1 : 1.26	1 : 0.30	1 : 0.33	American Farmland Trust, 2000
Utah				
Cache County	1 : 1.27	1 : 0.25	1 : 0.57	Snyder and Ferguson, 1994
Sevier County	1 : 1.11	1 : 0.31	1 : 0.99	Snyder and Ferguson, 1994
Utah County	1 : 1.23	1 : 0.26	1 : 0.82	Snyder and Ferguson, 1994
Virginia				
Augusta County	1 : 1.22	1 : 0.20	1 : 0.80	Valley Conservation Council, 1997
Clarke County	1 : 1.26	1 : 0.21	1 : 0.15	Piedmont Environmental Council, 1994
Northampton County	1 : 1.13	1 : 0.97	1 : 0.23	American Farmland Trust, 1999
Washington				
San Juan County	1 : 1.28	1 : 0.27	1 : 0.71	American Farmland Trust, 2002
Skagit County	1 : 1.25	1 : 0.30	1 : 0.51	American Farmland Trust, 1999
Wisconsin				
Dunn	1 : 1.06	1 : 0.29	1 : 0.18	Town of Dunn, 1994
Dunn	1 : 1.02	1 : 0.55	1 : 0.15	Wisconsin Land Use Research Program, 1999
Perry	1 : 1.20	1 : 1.04	1 : 0.41	Wisconsin Land Use Research Program, 1999
Westport	1 : 1.11	1 : 0.31	1 : 0.13	Wisconsin Land Use Research Program, 1999

American Farmland Trust's Farmland Information Center acts as a clearinghouse for information about Cost of Community Services studies. Inclusion in this table does not necessarily signify review or endorsement by American Farmland Trust.

FARMLAND INFORMATION CENTER

FACT SHEET

FARMLAND PROTECTION POLICY ACT

DESCRIPTION

Congress enacted the Farmland Protection Policy Act as a subtitle of the 1981 Farm Bill. The purpose of the law is to "minimize the extent to which Federal programs contribute to the unnecessary conversion of farmland to nonagricultural uses" (P.L. 97-98, Sec. 1539-1549; 7 U.S.C. 4201, et seq.). The FPPA also stipulates that federal programs be compatible with state, local and private efforts to protect farmland. For the purposes of the law, federal programs include construction projects - such as highways, airports, dams and federal buildings - sponsored or financed in whole or part by the federal government, and the management of federal lands. The U.S. Department of Agriculture's Natural Resources Conservation Service is charged with oversight of the FPPA.

HISTORY

The FPPA grew out of efforts in both the executive and legislative branches of the federal government. In 1976, USDA issued a policy urging agencies to look at alternatives to activities that lead to the conversion of prime farmland. Later that year, the President's Council on Environmental Quality released a memorandum advocating consideration of farmland conversion in environmental impact statements. Finally, in 1978, the Secretary of Agriculture published a revised memorandum on land use. The memorandum directed each agency within USDA to review and revise policies and rules that cause, or encourage, farmland conversion. To collect the baseline information needed to implement this policy, the Secretary of Agriculture and Chairman of the CEQ commissioned the National Agricultural Lands Study, a two-year project to document the extent and causes of the loss of farmland.

Between 1977, when the first bills focusing on farmland protection were introduced, and the enactment of the FPPA, Congress debated several measures that advocated consideration of the impact of federal activities on farmland. Proposed legislation also would have required consistency between federal policies and state and local farmland protection efforts. However, lawmakers ultimately decided to postpone legislative action until NALS was completed. *

NALS was released in 1981. While its findings were controversial, few disputed the overall trend: Very large areas of farmland were being permanently converted to non-agricultural use. NALS also found that a significant number of federally sponsored programs contribute to farmland conversion. In response, Congress enacted the Farmland Protection Policy Act as part of the Agriculture and Food Act of 1981. The final rule was published in 1994.

FUNCTIONS AND PURPOSES

The Farmland Protection Policy Act is intended to minimize the extent to which federal activities contribute to the conversion of agricultural land to nonagricultural uses. It also seeks to ensure that federal policies are administered in a manner that will be compatible with state, local and private policies that protect farmland. FPPA does not cover private construction subject to federal permitting and licensing, projects planned and completed without any assistance from a federal agency, federal projects related to national defense during a national emergency and projects proposed on land already committed to urban development. Furthermore, the law cannot be used as the basis of legal actions by state or local governments or private individuals. State governors, however, were given legal standing in 1994 to challenge federal programs that do not comply with the FPPA.

The FPPA created a public education role for USDA. NRCS is encouraged to provide technical assistance to state and local governments and nonprofit organizations in the development of programs and policies to protect farmland. The law directed the Secretary of Agriculture to "designate one or more farmland information centers to serve as central depositories and distribution points for information on farmland issues,

American Farmland Trust

TECHNICAL ASSISTANCE
Herrick Mill, One Short Street
Northampton, MA 01060
Tel: (413) 586-4593
Fax: (413) 586-9332
Web: www.farmlandinfo.org

NATIONAL OFFICE
1200 18th Street, NW, Suite 800
Washington, DC 20036
Tel: (202) 331-7300
Fax: (202) 659-8339
Web: www.farmland.org

September 1998

FARMLAND PROTECTION POLICY ACT

For additional information on the FPPA and other farmland protection programs, the Farmland Information Center offers publications, an on-line library and technical assistance. To order AFT publications, call (800) 370-4879. The farmland information library is a searchable database of literature, abstracts, statutes, maps, legislative updates and other useful resources. It can be reached at http://www.farmlandinfo.org. For additional assistance on specific topics, call the technical assistance service at (413) 586-4593.

policies, programs, technical principles, and innovative actions or proposals by local and State governments." American Farmland Trust's Farmland Information Center was created under this provision.

IMPLEMENTATION

FPPA requires federal agencies to examine the impact of their programs before they approve any activity that would convert farmland. Agencies have the option of determining whether a site contains farmland - and therefore falls under the act - without input from NRCS. To rate the relative impact of projects on sites subject to the FPPA, federal agencies fill out a Farmland Conversion Impact Rating Form (form AD-1006).

The rating form is based on a Land Evaluation and Site Assessment system. LESA is a numerical system that measures the quality of farmland. LESA systems have two components. The Land Evaluation element rates soil quality. The Site Assessment component measures other factors that affect the farm's viability, including but not limited to proximity to water and sewer lines and the size of the parcel. In general, the higher the LESA score, the more appropriate the site is for protection.

Under FPPA, federal agencies sponsoring a project subject to the law complete a site assessment. NRCS is responsible for the land evaluation component. Sites receiving a combined score of less than 160 do not require further evaluation. Alternatives should be proposed for sites with a combined score greater than 160 points. On the basis of this analysis, a federal agency may, but is not required to deny assistance to private parties and state and local governments undertaking projects that would convert farmland. The only recourse for reviewing agency decisions is litigation brought by state governors.

In addition to project evaluation, FPPA directs each federal government agency to review its rules and procedures, with assistance from the USDA, to determine whether any policies prevent the agency from complying with the law. Agencies must develop proposals to bring their programs into compliance. Each federal agency must submit an annual report to NRCS describing steps taken to comply with the law. However, annual agency review never has been conducted in any meaningful way.

BENEFITS

- The Farmland Protection Policy Act increases national awareness about farmland protection.
- A federal agency may withhold assistance from private parties and state and local governments undertaking projects that would convert farmland.

DRAWBACKS

- The FPPA does not require federal agencies to alter projects to avoid or minimize farmland conversion.
- Federal agencies have the option of determin ing whether a site contains farmland, and is therefore subject to the FPPA, without input from NRCS.
- Evaluation of a federal program's impact on farmland relies on site assessments performed by agencies that are not concerned with farm land protection and may, in fact, have competing interests.
- Most federal agencies are not represented at the local level and therefore cannot develop a meaningful site assessment system for evaluating the impact of a federal program on farmland.
- Federal agencies generally fail to return completed AD-1006 forms to NRCS field staff for reporting purposes; therefore, NRCS has no record of agencies' final decisions and cannot measure the effectiveness of the law.

* Dunford, Richard. *The Development and Current Status of Federal Farmland Retention Policy. Congressional Research Service, 1984, Report.* No.85-21 ENR.

FARMLAND INFORMATION CENTER

FACT SHEET

WHY SAVE FARMLAND?

AMERICA'S AGRICULTURAL LAND IS AT RISK

Fertile soils take thousands of years to develop. Creating them takes a combination of climate, geology, biology and good luck. So far, no one has found a way to manufacture them. Thus, productive agricultural land is a finite and irreplaceable natural resource.

America's agricultural land provides the nation —and world—with an unparalleled abundance of food and fiber products. The dominant role of U.S. agriculture in the global economy has been likened to OPEC's in the field of energy. The food and farming system is important to the balance of trade and the employment of nearly 23 million people. Across the country, farmland supports the economic base of many rural and suburban communities.

Agricultural land also supplies products with little market value, but enormous cultural and ecological importance. Some are more immediate, such as social heritage, scenic views, open space and community character. Long-range environmental benefits include wildlife habitat, clean air and water, flood control, groundwater recharge and carbon sequestration.

Yet despite its importance to individual communities, the nation and the world, American farmland is at risk. It is imperiled by poorly planned development, especially in urban-influenced areas, and by the complex forces driving conversion. USDA's Economic Research Service (ERS) developed "urban influence" codes to classify each of the nation's 3,141 counties and county equivalents into groups that describe the degree of urban influence.[1] AFT found that in 1997, farms in the 1,210 most urban-influenced counties produced 63 percent of dairy products and 86 percent of fruits and vegetables.[2]

According to USDA's National Resources Inventory (NRI), from 1992 to 1997 more than 11 million acres of rural land were converted to developed use—and more than half of that conversion was agricultural land. In that period, an average of more than 1 million agricultural acres were developed each year. And the rate is increasing—up 51 percent from the rate reported in the previous decade.

Agricultural land is desirable for building because it tends to be flat, well drained and generally is more affordable to developers than to farmers and ranchers. Far more farmland is being converted than is necessary to provide housing for a growing population. Over the past 20 years, the acreage per person for new housing almost doubled.[3] Most of this land is outside of existing urban areas. Since 1994, lots of 10 to 22 acres accounted for 55 percent of the growth in housing area.[4] The NRI shows that the best agricultural soils are being developed fastest.

THE FOOD AND FARMING SYSTEM

The U.S. food and farming system contributes nearly $1 trillion to the national economy—or more than 13 percent of the gross domestic product—and employs 17 percent of the labor force.[5] With a rapidly increasing world population and expanding global markets, saving American farmland is a prudent investment in world food supply and economic opportunity.

Asian and Latin American countries are the most significant consumers of U.S. agricultural exports. Latin America, including Mexico, purchases an average of about $10.6 billion of U.S. agricultural exports each year. Asian countries purchase an average of $23.6 billion/year, with Japan alone accounting for about $10 billion/year.[6] Even as worldwide demand for a more diverse diet increases, many countries are paving their arable land to support rapidly expanding economies. Important customers today, they are expected to purchase more agricultural products in the future.

While domestic food shortages are unlikely in the short term, the U.S. Census predicts the population will grow by 42 percent in the next 50 years. Many developing nations already are concerned about food security.

American Farmland Trust

TECHNICAL ASSISTANCE
One Short Street, Suite 2
Northampton, MA 01060
Tel: (413) 586-4593
Fax: (413) 586-9332
Web: www.farmlandinfo.org

NATIONAL OFFICE
1200 18th Street, NW, Suite 800
Washington, DC 20036
Tel: (202) 331-7300
Fax: (202) 659-8339
Web: www.farmland.org

January 2003

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WHY SAVE FARMLAND?

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Of the 78 million people currently added to the world each year, 95 percent live in less developed regions.[7] The productivity and diversity of American agriculture can ensure food supplies and continuing preeminence in world markets. But this depends upon an investment strategy that preserves valuable assets, including agricultural land, to supply rapidly changing global demand.

FISCAL AND ECONOMIC STABILITY

Saving farmland is an investment in community infrastructure and economic development. It supports local government budgets and the ability to create wealth locally. In addition, distinctive agricultural landscapes are often magnets for tourism.

People vacation in the state of Vermont or Steamboat Springs, Colo., because they enjoy the scenery created by rural meadows and grazing livestock. In Lancaster, Pa., agriculture is still the leading industry, but with the Amish and Mennonites working in the fields, tourism is not far behind. Napa Valley, Calif., is another place known as a destination for "agro tourism." Tourists have become such a large part of most Napa Valley wineries that many vintners have hired hospitality staff. Both the valley and the wines have gained name recognition, and the economy is thriving.

Agriculture contributes to local economies directly through sales, job creation, support services and businesses, and also by supplying lucrative secondary markets such as food processing. Planning for agriculture and protecting farmland provide flexibility for growth and development, offering a hedge against fragmented suburban development while supporting a diversified economic base.

Development imposes direct costs to communities, as well as indirect costs associated with the loss of rural lands and open space.[8] Privately owned and managed agricultural land generates more in local tax revenues than it costs in services. Carefully examining local budgets in Cost of Community Services (COCS) studies shows that nationwide farm, forest and open lands more than pay for the municipal services they require, while taxes on residential uses consistently fail to cover costs.[9] (See COCS fact sheet.) Related studies measuring the effect of all types of development on municipal tax bills find that tax bills generally go up as communities become more developed. Even those communities with the most taxable commercial and industrial properties have higher-than-average taxes.[10]

Local governments are discovering that they cannot afford to pay the price of unplanned development. Converting productive agricultural land to developed uses creates negative economic and environmental impacts. For example, from the mid-1980s to the mid-1990s, the population of Atlanta, Ga., grew at about the same rate as that of Portland, Ore. Due to its strong growth management law, Portland increased in size by only 2 percent while Atlanta doubled in size. To accommodate its sprawling growth, Atlanta raised property taxes 22 percent while Portland lowered property taxes by 29 percent. Vehicle miles traveled (and related impacts) increased 17 percent in Atlanta but only 2 percent in Portland.[11]

ENVIRONMENTAL QUALITY

Well-managed agricultural land supplies important non-market goods and services. Farm and ranch lands provide food and cover for wildlife, help control flooding, protect wetlands and watersheds, and maintain air quality. They can absorb and filter wastewater and provide groundwater recharge. New energy crops even have the potential to replace fossil fuels.

The federal government owns 402 million acres of forests, parks and wildlife refuges that provide substantial habitat for wildlife. Most of this land is located in 11 western states. States, municipalities and other non-federal units of government also own land. Yet public agencies alone cannot sustain wildlife populations. Well-managed, privately owned agricultural land is a critical resource for wildlife habitat.

With nearly 1 billion acres of land in farms, agriculture is America's dominant land use. So it is not surprising that farming has a significant ecological impact. Ever since the publication of Rachel Carson's *Silent Spring*, environmentalists have called attention to the negative impacts of industrial agricultural practices. However, converting farmland to development has detrimental long-term impacts on environmental quality.

Water pollution from urban development is well documented. Development increases pollution of rivers and streams, as well as the risk of flooding. Paved roads and roofs collect and pass storm water directly into drains instead of filtering it naturally through the soil.[12] Septic systems for low-density subdivisions can add untreated wastes to surface water and groundwater—potentially yielding higher nutrient loads than livestock operations.[13] Development often produces more sediment and heavy metal contamination than farming does and increases pollutants—such as road salt, oil leaks from automobiles and runoff from lawn chemicals—that lead to groundwater contamination.[14] It also decreases recharge of aquifers, lowers drinking-water quality and reduces biodiversity in streams.

Urban development is a significant cause of wetland loss.[15] Between 1992 and 1997, NRI showed that development was responsible for 49 percent of the total loss. Increased use of automobiles leads to traffic congestion and air pollution. Development fragments and often destroys wildlife habitat, and fragmentation is considered a principal threat to biodiversity.[16]

Keeping land available for agriculture while improving farm management practices offers the greatest potential to produce or regain environmental and social benefits while minimizing negative impacts. From wetland management to on-farm composting for municipalities, farmers are finding ways to improve environmental quality.

HERITAGE AND COMMUNITY CHARACTER

To many people, the most compelling reasons for saving farmland are local and personal, and much of the political support for farmland protection is driven by grassroots community efforts. Sometimes the most important qualities are the hardest to quantify—such as local heritage and sense of place. Farm and ranch land maintain scenic, cultural and historic landscapes. Their managed open spaces provide beautiful views and opportunities for hunting and fishing, horseback riding, skiing, dirt-biking and other recreational activities. Farms and ranches create identifiable and unique community character and add to the quality of life. Perhaps it is for these reasons that the contingent valuation studies typically find that people are willing to pay to protect agricultural land from development.

Finally, farming is an integral part of our heritage and our identity as a people. American democracy is rooted in an agricultural past and founded on the principle that all people can own property and earn a living from the land. The ongoing relationship with the agricultural landscape connects Americans to history and to the natural world. Our land is our legacy, both as we look back to the past and as we consider what we have of value to pass on to future generations.

Public awareness of the multiple benefits of working lands has led to greater community appreciation of the importance of keeping land open for fiscal, economic and environmental reasons. As a result, people increasingly are challenging the perspective that new development is necessarily the most desirable use of agricultural land—especially in rural communities and communities undergoing transition from rural to suburban.

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[2] "How AFT Created Its 2002 Farming on the Edge Map," *Connection*, Vol. V, Issue 4, Fall 2002 (Northampton, Mass.: AFT).

[3] U.S. Department of Housing and Urban Development, *State of the Cities 2000*, Fourth Annual, June 2000, online at www.hud.gov/library/bookshelf18/pressrel/socrpt.pdf.

[4] Ralph E. Heimlich and William D. Anderson, *Development at the Urban Fringe and Beyond: Impacts on Agriculture and Rural Land*, Agricultural Economic Report No. 803 (Washington, D.C.: USDA ERS, 2001), 14.

[5] Kathryn Lipton, William Edmondson and Alden Manchester, *The Food and Fiber System: Contributing to U.S. and World Economies*, Agricultural Information Bulletin No. 742, July 1998 (Washington, D.C.: USDA ERS).

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[7] United Nations Population Division, *The World at Six Billion*, 3.

[8] Heimlich and Anderson, ibid.

[9] Julia Freedgood, *Cost of Community Services Studies: Making the Case for Conservation* (Northampton, Mass.: AFT, 2002).

[10] Deb Brighton, *Community Choices: Thinking Through Land Conservation, Development, and Property Taxes in Massachusetts* (Boston, Mass.: The Trust for Public Land, 1999).

[11] *New Research on Population, Suburban Sprawl and Smart Growth*, online at www.sierraclub.org/sprawl.

[12] Real Estate Research Corporation, *The Costs of Sprawl: Environmental and Economic Costs of Alternative Development Patterns at the Urban Fringe* (Washington, D.C.: U.S. Government Printing Office, 1974); Heimlich and Anderson, ibid.; Robert W. Burchell, *Impact Assessment of New Jersey Interim State Development and Redevelopment Plan, Report II* (Trenton: N.J.: Office of State Planning, 1992).

[13] R.J. Perkins, "Septic Tanks, Lot Size and Pollution of Water Table Aquifers," *Journal of Environmental Health* 46 (6), 1984.

[14] A.J. Gold et al, "Nitrate-Nitrogen Losses to Ground Water from Rural and Suburban Land Uses," *Journal of Soil and Water Conservation*. March-April 1990; *Results of the Nationwide Urban Runoff Program, Volume I - Final Report* (Washington, D.C.: U.S. Environmental Protection Agency, 1983).

[15] Heimlich and Anderson, ibid.; *The Costs of Sprawl*, Maine State Planning Office, 1997.

[16] Heimlich and Anderson, ibid.; G. Macintosh, ed., *Preserving Communities and Corridors* (Washington, D.C.: Defenders of Wildlife, 1989); R.F. Noss and A.Y. Cooperrider. *Saving Nature's Legacy* (Washington, D.C.: Island Press, 1994).

FARMLAND INFORMATION CENTER

FACT SHEET

AGRICULTURAL CONSERVATION EASEMENTS

American Farmland Trust

TECHNICAL ASSISTANCE
Herrick Mill, One Short Street
Northampton, MA 01060
Tel: (413) 586-4593
Fax: (413) 586-9332
Web: www.farmlandinfo.org

NATIONAL OFFICE
1200 18th Street, NW, Suite 800
Washington, DC 20036
Tel: (202) 331-7300
Fax: (202) 659-8339
Web: www.farmland.org

November 2001

DESCRIPTION

A conservation easement is a deed restriction landowners voluntarily place on their property to protect resources such as productive agricultural land, ground and surface water, wildlife habitat, historic sites or scenic views. They are used by landowners ("grantors") to authorize a qualified conservation organization or public agency ("grantee") to monitor and enforce the restrictions set forth in the agreement. Conservation easements are flexible documents tailored to each property and the needs of individual landowners. They may cover an entire parcel or portions of a property. The landowner usually works with the prospective grantee to decide which activities should be limited to protect specific resources. Agricultural conservation easements are designed to keep land available for farming.

RESTRICTIONS

In general, agricultural conservation easements limit subdivision, non-farm development and other uses that are inconsistent with commercial agriculture. Some easements allow lots to be reserved for family members. Typically, these lots must be small—one to two acres is common—and located on the least productive soils. Agricultural conservation easements often permit commercial development related to the farm operation and the construction of farm buildings. Most do not restrict farming practices, although some grantees ask landowners to implement soil and water conservation plans. Landowners who receive federal funds for farm easements must implement conservation plans developed by the USDA Natural Resources Conservation Service.

TERM OF THE RESTRICTIONS

Most agricultural conservation easements are permanent. Term easements impose restrictions for a specified number of years. Regardless of the duration of the easement, the agreement is legally binding on future landowners for the agreed-upon time period. An agricultural conservation easement can be modified or terminated by a court of law if the land or the neighborhood changes and the conservation objectives of the easement become impossible to achieve. Easements may also be terminated by eminent domain proceedings.

RETAINED RIGHTS

After granting an agricultural conservation easement, landowners retain title to their property and can still restrict public access, farm, use the land as collateral for a loan or sell their property. Land subject to an easement remains on the local tax rolls. Landowners continue to be eligible for state and federal farm programs.

VALUATION

Landowners can sell or donate an agricultural conservation easement to a qualified conservation organization or government body. In either case, it is important to determine the value of the easement to establish a price or to calculate tax benefits that may be available under federal and state law. The value of an agricultural conservation easement is generally the fair market value of the property minus its restricted value, as determined by a qualified appraiser. In general, more restrictive agreements and intense development pressure result in higher easement values.

TAX BENEFITS

Grantors can receive several tax advantages. Donated agricultural conservation easements that meet Internal Revenue Code section 170 (h) criteria are treated as charitable gifts. Term easements do not qualify. Donors can deduct an amount equal to up to 30 percent of their adjusted gross income in the year of the gift. Corporations are limited to a 10-percent deduction. Easement donations in excess of the annual limit can be applied toward federal income taxes for the next five years, subject to the same stipulations. Most state income tax laws provide similar benefits.

Some state tax codes direct local tax assessors to consider the restrictions imposed by a conservation easement. This provision generally lowers property taxes on restricted parcels if the land is not already enrolled in a differential assessment program. Differential assessment programs direct local tax assessors to assess land at its value for agriculture or forestry,

AGRICULTURAL CONSERVATION EASEMENTS

For additional information on agricultural conservation easements and farmland protection, the Farmland Information Center offers publications, an on-line library and technical assistance. To order AFT publications, call (800) 370-4879. The farmland information library is a searchable database of literature, abstracts, statutes, maps, legislative updates and other useful resources. It can be reached at http://www.farmlandinfo.org. For additional assistance on specific topics, call the technical assistance service at (413) 586-4593.

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rather than its "highest and best" use, which is generally for residential, commercial or industrial development.

The donation or sale of an agricultural conservation easement usually reduces the value of land for estate tax purposes. To the extent that the restricted value is lower than fair market value, the estate will be subject to a lower tax. In some cases, an easement can reduce the value of an estate below the level that is taxable, effectively eliminating any estate tax liability. However, as exemption levels increase, there may be less incentive from an estate tax perspective.

Recent changes to federal estate tax law, enacted as part of the Economic Growth and Tax Relief Reconciliation Act of 2001, expanded an estate tax incentive for landowners to grant conservation easements. The new law removes geographic limitations for donated conservation easements eligible for estate tax benefits under Section 2031(c) of the tax code. Executors can elect to exclude 40 percent of the value of land subject to a donated qualified conservation easement from the taxable estate. This exclusion will be $500,000 in 2002 and thereafter. The full benefit offered by the new law is available for easements that reduce the fair market value of a property by at least 30 percent. Smaller deductions are available for easements that reduce property value by less than 30 percent.

HISTORY

Every state has a law pertaining to conservation easements. The National Conference of Commissioners on Uniform State Laws adopted the Uniform Conservation Easement Act in 1981. The Act served as a model for state legislation allowing qualified public agencies and private conservation organizations to accept, acquire and hold less-than-fee simple interests in land for the purposes of conservation and preservation. Since the Uniform Conservation Easement Act was approved, 21 states have adopted conservation easement enabling laws based on this model and 23 states have drafted and enacted their own enabling laws.
Accepting donated conservation easements is one of the major activities of land trusts. Land trusts exist in all 50 states. They monitor and enforce the terms of easements. Some also purchase conservation easements.

BENEFITS

- Conservation easements permanently protect important farmland while keeping the land in private ownership and on local tax rolls.
- Conservation easements are flexible, and can be tailored to meet the needs of individual farmers and ranchers and unique properties.
- Conservation easements can provide farmers with several tax benefits including income, estate and property tax reductions.
- By reducing nonfarm development land values, conservation easements help farmers and ranchers transfer their operations to the next generation.

DRAWBACKS

- While conservation easements can prevent development of agricultural land, they do not ensure that the land will continue to be farmed.
- Agricultural conservation easements must be carefully drafted to ensure that the terms allow farmers and ranchers to adapt and expand their operations and farming practices to adjust to changing economic conditions.
- Donating an easement is not always a financially viable option for landowners.
- Monitoring and enforcing conservation easements requires a serious commitment on the part of the easement holder.
- Subsequent landowners are not always interested in upholding easement terms.
- Conservation easements do not offer protection from eminent domain. If land under easement is taken through eminent domain, both the landowner and the easement holder must be compensated.

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FACT SHEET

PURCHASE OF AGRICULTURAL CONSERVATION EASEMENTS

DESCRIPTION

Purchase of agricultural conservation easement programs compensate property owners for restricting the future use of their land. PACE is known as Purchase of Development Rights (PDR) in many locations.

PACE programs are based on the concept that property owners have a bundle of different rights, including the right to use land, lease, sell and bequeath it, borrow money using it as security, construct buildings on it and mine it, or protect it from development, subject to reasonable local land use regulations. Some or all of these rights can be transferred or sold to another person. When a landowner sells property, generally all the rights are transferred to the buyer. PACE programs enable landowners to separate and sell their right to develop land from their other property rights. The buyer, however, does not acquire the right to build anything on the land, but only the right and responsibility to prevent development. After selling an easement, the landowner retains all other rights of ownership, including the right to farm the land, prevent trespass, sell, bequeath or otherwise transfer the land.

Landowners voluntarily sell agricultural conservation easements to a government agency or private conservation organization. The agency or organization usually pays them the difference between the value of the land as restricted and the value of the land for its "highest and best use," which is generally residential or commercial development. The easement price is established by appraisals or a local easement valuation point system. Typically, PACE programs consider soil quality, threat of development and future agricultural viability when selecting farms for protection.

Easements give qualified public agencies and private organizations the right to prohibit land uses and activities that could interfere with present or future agricultural use.

Terms may permit the construction of new farm buildings and housing for farm employees and family members. Easements "run with the land," binding all future owners unless the document establishing the easement provides that the covenant may be terminated for cause or at the end of a specified period of time.

HISTORY

Suffolk County, N.Y., created the nation's first PACE program in the mid-1970s. Following Suffolk County's lead, Maryland and Massachusetts authorized PACE programs in 1977, Connecticut in 1978 and New Hampshire in 1979. Concern about regional food security and the loss of open space were motivating forces behind these early PACE programs.

FUNCTIONS & PURPOSES

PACE compensates landowners for permanently limiting non-agricultural land uses. Selling an easement allows farmers to cash in a percentage of the equity in their land, thus creating a financially competitive alternative to development.

Permanent easements prevent development that would effectively foreclose the possibility of farming. Because non-agricultural development on one farm can cause problems for neighboring agricultural operations, PACE may help protect their economic viability as well.

Removing the development potential from farmland generally reduces its future market value. This may help facilitate farm transfer to the children of farmers and make the land more affordable to beginning farmers and others who want to buy it for agricultural purposes. The reduction in market value may also reduce property taxes and help prevent them from rising.

American Farmland Trust

TECHNICAL ASSISTANCE
Herrick Mill, One Short Street
Northampton, MA 01060
Tel: (413) 586-4593
Fax: (413) 586-9332
Web: www.farmlandinfo.org

NATIONAL OFFICE
1200 18th Street, NW, Suite 800
Washington, DC 20036
Tel: (202) 331-7300
Fax: (202) 659-8339
Web: www.farmland.org

September 1998

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PURCHASE OF AGRICULTURAL CONSERVATION EASEMENTS

For additional information on Purchase of Agricultural Conservation Easements and other farmland protection programs, the Farmland Information Center offers publications, an on-line library and technical assistance. To order PACE: What Works, a 38-page comprehensive technical report ($14.95), or other AFT publications, call (800) 370-4879. The farmland information library is a searchable database of literature, abstracts, statutes, maps, legislative updates and other useful resources. It can be reached at http://www.farmlandinfo.org. For additional assistance on specific topics, call the technical assistance service at (413) 586-4593.

PACE provides landowners with liquid capital that can enhance the economic viability of individual farming operations and help perpetuate family tenure on the land. For example, the proceeds from selling agricultural conservation easements may be used to reduce debt, expand or modernize farm operations, invest for retirement or settle estates. The reinvestment of PACE funds in equipment, livestock and other farm inputs may also stimulate local agricultural economies.

Finally, PACE gives communities a way to share the costs of protecting farmland with landowners. Non-farmers have a stake in the future of agriculture for a variety of reasons, including keeping locally grown food available and maintaining scenic and historic landscapes, open space, watersheds and wildlife habitat. PACE allows them to "buy into" the protection of farming and be assured that they are receiving something of lasting value.

ISSUES TO ADDRESS

The effectiveness of PACE programs depends on how jurisdictions address several core issues.

These issues include:

- What kind of farmland to protect, which areas to target and how to set priorities?
- What restrictions to put on the use of the land?
- How much to pay for easements?
- How to raise purchase funds?
- How to distribute state funds among local jurisdictions?
- How to administer PACE programs?
- How to monitor and enforce easements?

BENEFITS

- PACE protects farmland permanently, while keeping it in private ownership.
- Participation in PACE programs is voluntary.
- PACE can be implemented by state or local governments, or by private organizations.
- PACE provides farmers with a financially competitive alternative to development, giving them cash to help address the economic challenges of farming in urban-influenced areas.
- PACE programs can protect ecological as well as agricultural resources.
- PACE limits the value of agricultural land, which helps to keep it affordable to farmers.
- PACE programs involve the non-farming public in farmland protection.

DRAWBACKS

- PACE is expensive.
- PACE can rarely protect enough land to eliminate development pressure on unrestricted farms.
- PACE programs are generally unable to keep up with farmer demand to sell easements. This results in long waiting lists and missed opportunities to protect land.
- Purchasing easements is time-consuming.
- The voluntary nature of PACE programs means that some important agricultural lands are not protected.
- Monitoring and enforcing easements requires an ongoing investment of time and resources.

Source: American Farmland Trust, *Saving American Farmland: What Works* (Northampton, Mass., 1997).

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FACT SHEET

STATUS OF LOCAL PACE PROGRAMS

DESCRIPTION

As of January 2002, there were at least 44 independently funded, local Purchase of Agricultural Conservation Easement (PACE) programs in 15 states. This table displays the status and summarizes important information about these local farm and ranch land protection programs.

EXPLANATION OF COLUMN HEADINGS

Jurisdiction

Name of jurisdiction sponsoring program.

Year of Inception/Year of First Acquisition

"Year of Inception" is the year the ordinance creating the PACE program was aproved. "Year of First Acquisition" is the year the program acquired its first easement.

Total Easements/Restrictions Required

Total number of agricultural conservation easements or conservation restrictions acquired through the program. This number includes joint projects with state and/or county programs and independent projects completed by the local program. This number does not necessarily reflect the total number of farms/ranches protected, as some programs acquire a property in stages, and may hold multiple easements on the same farm/ranch.

Total Acres Protected

Number of acres protected by the program to date.

Total Program Funds Spent to Date

Dollars spent by each program to acquire easements/restrictions on farms/ranches. This number includes matching funds spent on joint projects. Amounts may include unspent funds that are encumbered for installment payments on completed projects. Unless otherwise noted, this figure does not reflect either incidental land acquisition costs, such as appraisals, insurance and recording fees, or the administrative cost of running the program. These figures may not reflect the total cost of acquiring easements, as some local PACE programs receive contributions from local land trusts and/or donations from landowners.

Independent Easements/Restrictions Acquired

Number of easements/restrictions acquired through independent projects. This number excludes easements/restrictions acquired through joint projects with county and/or state programs. This number does not necessarily reflect the total number of farms/ranches protected, as some programs acquire a property in stages, and may hold multiple easements on the same farm/ranch.

Independent Acres Protected

Number of acres protected through independent projects. This number excludes acres protected through joint projects with county and/or state programs.

Independent Program Funds Spent to Date

Dollars spent by each program to acquire easements/restrictions on farms/ranches through independent projects. This number excludes dollars spent on joint projects with county and/or state programs. Amounts may include unspent funds that are encumbered for installment payments on completed projects. Unless otherwise noted, this figure does not reflect either incidental land acquisition costs, such as appraisals, insurance and recording fees, or the administrative cost of running the program. These figures may not reflect the total cost of acquiring easements, as some local PACE programs receive contributions from local land trusts and donations from landowners.

Funds Available

Program funds available for the current fiscal year to acquire easements on agricultural land.

Outstanding Applications

Backlog of applications reported by program administrators.

American Farmland Trust

TECHNICAL ASSISTANCE
One Short Street, Suite 2
Northampton, MA 01060
Tel: (413) 586-4593
Fax: (413) 586-9332
Web: www.farmlandinfo.org

NATIONAL OFFICE
1200 18th Street, NW, Suite 800
Washington, DC 20036
Tel: (202) 331-7300
Fax: (202) 659-8339
Web: www.farmland.org

July 2002

PURCHASE OF AGRICULTURAL CONSERVATION EASEMENTS

Jurisdiction	Year of Inception/ Year of First Acquisition	Total Easements/ Restrictions Acquired	Total Acres Protected	Total Program Funds Spent to Date	Independent Easements/ Restrictions Acquired	Independent Acres Protected
California						
Alameda Co.	1993/1992	27	2,775	$10,000,000	26	2,675
Marin Co.	1980/1983	46	30,657	$19,750,000 ^	46	30,657
Sonoma Co. △	1990/1992	54	28,263	$48,956,000	54	28,263
Colorado						
Boulder	1967/1984	12	1,606	$8,599,732 ^	12	1,606
Douglas Co.	1994/1995	5	27,808	$15,800,000 ^	5	27,808
Routt Co.	1997/1998	7	2,515	$1,664,550 ^	6	2,362
Illinois						
Kane Co.	2001/2002	0	0	$0	0	0
Kentucky						
Fayette Co.	2000/2002	0	0	$0	0	0
Maryland						
Anne Arundel Co. △	1991/1992	83	8,679	$25,200,000	49	4,629
Baltimore Co.	1979/1981	160	18,537	$51,300,000	8	1,336
Calvert Co.	1992/1992	N/A	N/A	N/A	N/A	N/A
Carroll Co. ‡△	1979/1980	309	37,190	$54,210,903	35	2,759
Frederick Co. ‡	1991/1993	114	17,296	N/A	26	2,892
Harford Co. △	1993/1994	185	26,800	$48,900,000	97	17,035
Howard Co. △	1978/1984	146	16,738	$187,560,000	75	12,801
Montgomery Co.	1988/1989	72	10,348	$28,079,376	60	8,043
Washington Co.	1991/1992	41	7,332	N/A	1	125
Michigan						
Peninsula Township △	1994/1996	31	2,030	$2,774,210	28	1,781
Montana						
Gallatin Co.	1998/2000	4	907	$564,500	3	587
New Hampshire						
Londonderry	N/A/1996	5	375	$921,000	5	375
New Jersey						
Morris Co.	1992/1996	56	3,835	$46,701,384	19	561
New York						
East Hampton	1982/1982	11 ~	281 ~	$5,500,000 ~	5 ~	157 ~
Pittsford	1995/1996	7	962	$8,199,917	5 ~	629 ~
Southampton	1980/1980	N/A	N/A	N/A	27 ~	841 ~
Southold	1984/1986	67	1,318	$11,512,250	61	1,096
Suffolk Co.	1974/1976	138	8,120	$60,142,788 ^	128	7,533
Warwick	2001/1997	4	646	N/A	1	82
North Carolina						
Forsyth Co.	1984/1987	27	1,605	$3,000,000 ^	25	1,480
Wake Co.	1989/N/A	1	92	$0	0	0
Pennsylvania						
Buckingham Township	1996/1996	37	3,500	$10,104,299 ^	14	744
Bucks Co.	1989/1990	63	5,770	$40,000,000	10	691
Chester Co.	1989/1990	81 ~	7,386 ~	N/A ~	48 ~	3,944 ~
Lancaster Co. △	1980/1984	442	40,000	$80,000,000	282	23,239
Plumstead Township △	1996/1997	15	1,195	$4,362,949	9 ~	591 ~
Solebury Township	1996/1998	17	1,285	$11,500,000 ^	13	851
Virginia						
Albermarle Co.	2000/2002	0	0	$35,000	0	0
James City Co.	2001/N/A	0	0	$0	0	0
Loudoun Co.	2000/N/A	0	0	$0	0	0
Virginia Beach △	1995/1997	44	6,021	$7,180,747	44	6,021
Washington						
King Co.	1979/1984	209	12,880	$54,700,000	209	12,880
San Juan Co.	1990/1993	20	1,676	$2,566,320~^	20	1,676
Skagit Co.	1996/1998	28	2,200	$2,700,000 ^	28	2,200
Thurston Co. ♦	1996/1998	19	940	$2,300,000	19	940
Wisconsin						
Dunn	1996/1997	12	1,764	$1,605,485	12	1,764
LOCAL TOTALS					**1,515**	**213,654**
STATE TOTALS #					**5,481**	**922,287**
NATIONAL TOTALS					**6,996**	**1,135,941**

STATUS OF SELECTED LOCAL PROGRAMS AS OF JANUARY 2002

Independent Program Funds Spent to Date	Funds Available	Outstanding Applications	Funding Sources
$9,258,900	$1,700,000	10	Mitigation fees and acquisitions, state grants
$19,750,000 ^	$3,000,000	2	Appropriations, state bonds, California Coastal Conservancy
$48,956,000	$10,000,000	40	Sales tax, state bonds
$8,599,732 ^	N/A	N/A	Bonds, city sales tax
$15,800,000 ^	$6,500,000	N/A	Bonds, sales and use tax
$1,415,356 ^	$676,000	4	Property tax, state grants, FPP
$0	$5,000,000	0	Gaming revenue
$0	$21,378,600	9	Appropriations, bonds, state grant, FPP
$16,000,000	$3,000,000	14	Appropriations, bonds, FPP
$3,841,199	$6,800,000	40	Appropriations, bonds, sales tax, transportation funding, FPP
N/A	N/A		Appropriations, recording fee, FPP
$1,625,059 ~	$5,500,000	35	Appropriations, bonds, property tax, FPP
$2,380,781 ~	N/A	N/A	Appropriations, recording fee, transportation funding, FPP
$37,261,683	$3,000,000	25	Appropriations, local real estate transfer tax
$176,160,000	$18,355,783	6	Bonds, local real estate transfer tax
$22,500,000 ~	$8,405,000	17	Appropriations, bonds, investment income, state grants, FPP
$187,906	$597,000	35	Appropriations
1,214,610	$384,000	15	Property tax, state grants, transportion funding, FPP
374,500	$3,700,000	4	Appropriations, bonds, property tax
921,000	$1,000,000	1	Ag transfer tax, appropriations, bonds, state grants, transportation funding, FPP
$7,058,980	$5,500,000	11	Bonds, property tax
N/A ~	N/A		Bonds, county grants
$6,092,248 ~	N/A	2	Bonds, state grants, FPP
$7,300,000 ~	$14,500,000	4	Bonds, county and state grants, real estate transfer tax, revenue from special district, FPP
$10,129,750	$10,800,000	6	Appropriations, bonds, property tax, real estate transfer tax, FPP
$53,005,253 ^	$8,500,000	52	Appropriations, bonds, state grants, FPP
N/A	$7,220,000	13	Bonds
$2,832,908 ^	$0	35	Appropriations, state grants, FPP
$0	N/A	N/A	Appropriations
$5,353,419 ^	$5,680,000	15	Bonds, property tax, FPP
$1,616,540 ~	$4,854,089	69	Bonds, FPP
$18,500,000~^	N/A		Appropriations, bonds, interest from roll-back taxes, FPP
$41,283,209	$7,700,000	250	Appropriations, bonds, FPP
$4,026,982 ~	N/A	31	Bonds, property tax, real estate transfer tax
$10,100,000 ^	$5,000,000	27	Bonds, property tax
$0	$1,000,000	11	Appropriations, transient lodging tax
$0	$1,000,000	0	Appropriations
$0	$8,980,000	75	Appropriations, transient lodging tax
$7,180,747	$3,730,000	13	Appropriations, cellular phone tax, property tax
$54,700,000	N/A	N/A	Appropriations, bonds, FPP
$2,566,320 ~^	$921,500	N/A	Property tax, real estate transfer tax, timber excise tax
$2,700,000 ^	$900,000	10	Property tax, state grant, timber excise tax, FPP
$2,300,000	$0	N/A	Property tax
$1,605,485	$200,000	27	Bonds, property tax, state grants, FPP
$604,598,567	**$185,481,972**	**908**	
$1,379,251,714	**$203,245,876**	**4,036**	
$1,983,850,281	**$388,727,848**	**4,944**	

FARMLAND INFORMATION CENTER

FACT SHEET

STATUS OF STATE PACE PROGRAMS

American Farmland Trust

TECHNICAL ASSISTANCE
One Short Street, Suite 2
Northampton, MA 01060
Tel: (413) 586-4593
Fax: (413) 586-9332
Web: www.farmlandinfo.org

NATIONAL OFFICE
1200 18th Street, NW, Suite 800
Washington, DC 20036
Tel: (202) 331-7300
Fax: (202) 659-8339
Web: www.farmland.org

July 2002

DESCRIPTION

As of July 2002, at least 24 states had authorized state-level Purchase of Agricultural Conservation Easement (PACE) programs. This table displays the status and summarizes important information about farm and ranch land protection programs in 19 states that had acquired funding and easements as of January 2002.

EXPLANATION OF COLUMN HEADINGS

Year of Inception/Year of First Acquisition

"Year of Inception" is the year the law creating the PACE program was approved. "Year of First Acquisition" is the year the program acquired its first easement.

Easements/Restrictions Acquired

Number of agricultural conservation easements or conservation restrictions acquired through the state program. This number does not necessarily reflect the total number of farms/ranches protected, as some programs acquire a property in stages and may hold multiple easements on the same farm/ranch. Some state programs do not hold easements but instead provide funds for easement purchase to local governments or land trusts.

Acres Protected

Number of acres protected by the program to date.

Program Funds Spent to Date

Dollars spent by each program to acquire easements on farms/ranches. Amounts may include unspent funds that are encumbered for installment payments on completed projects. Unless otherwise noted, this figure does not include either incidental land acquisition costs, such as appraisals, insurance and recording fees, or the administrative cost of running the program. These figures may not reflect the total cost of acquiring easements, as some state PACE programs receive matching funds from local governments, as well as contributions from local land trusts and donations from landowners.

Local Contributions to Date

Funds contributed by local governments (e.g., counties) toward state program acquisitions.

Funds Spent Per Capita

The amount spent on farmland protection per person based on state population figures for 2001 from the U.S. Bureau of the Census.

Funds Available

Program funds available for the current fiscal year to acquire easements on agricultural land.

Funds Available Per Capita

Program funds available per person based on state population figures for 2001 from the U.S. Bureau of the Census.

Outstanding Applications

Backlog of applications reported by program administrators.

Funding Sources

Sources of funding for each program. This list does not include contributions from local governments and land trusts or donations from landowners. "Transportation funding" refers to federal money disbursed under the Intermodal Surface Transportation Efficiency Act of 1991 and the Transportation Equity Act for the 21st Century (ISTEA and TEA-21). ISTEA provided funding for a broad range of highway and transit programs, including "transportation enhancements." Easement acquisitions that protect scenic views and historic sites along transportation routes are eligible for this program. TEA-21 was adopted in May of 1998, re-authorizing federal transportation spending through fiscal 2003. "FPP" is the federal Farmland Protection Program established in 1996 and re-authorized in the 2002 Farm Bill to provide matching funds to state, local, tribal and land trust agricultural easement acquisition programs. In addition to these sources of funding, several state programs reported financial contributions from private individuals or foundations.

The Farmland Information Center is a public/private partnership between American Farmland Trust and the USDA Natural Resources Conservation Service that provides technical information about farmland protection.

PURCHASE OF AGRICULTURAL CONSERVATION EASEMENTS

State	Year of Inception/ Year of First Acquisition	Easements/ Restrictions Acquired	Acres Protected	Program Funds Spent to Date	Local Contributions to Date
California	1995/1997	49	13,480	$16,169,595 ^	N/A
Colorado	1992/1995	79	88,585	$26,948,065~^	$5,000,000 ~
Connecticut	1978/1979	207	28,173	$82,206,885 ^	$300,000
Delaware	1991/1996	309	65,117	$69,378,401 ^	$0
Kentucky	1994/1998	22	4,708	$2,295,176	$0
Maine	1987/1988	7	2,555	$1,620,000	$0
Maryland	1977/1980	1,395	198,276	$258,048,105 ^	$76,953,425
Massachusetts	1977/1980	561	50,664	$126,064,519	$11,274,576
Michigan	1974/1994	57	13,875	$26,198,014	$15,000
Montana ❖	1999/2000	8	9,923	$888,000	$0
New Hampshire					
Agricultural Lands Preservation Program	1979/1980	31	2,864	$5,000,000 ^	$15,000
Land Conservation Investment Program ❖	1987/1988	36	6,232	$5,349,008	$0
New Jersey	1983/1985	635	86,986	$248,958,246 ^	$126,222,445
New York	1996/1998	43	6,843	$13,921,720 ^	$7,712,198
North Carolina	1986/1999	30	4,275	$2,442,000 ^	$342,000
Ohio	1999/1999	3	374	$0	$0
Pennsylvania	1988/1989	1,657	209,338	$419,296,400	$141,325,220
Rhode Island	1981/1985	45 ~	3,719 ~	$15,017,580 ~	$5,676,276~**
Utah	1999/2000	10	30,300	$9,450,000 ^	$320,000
Vermont	1987/1987	297	96,000	$50,000,000 ^	$175,000
STATE TOTALS		5,481	922,287	$1,379,251,714	$375,331,140
LOCAL TOTALS #		1,515	213,654	$604,598,567	
NATIONAL TOTALS		6,996	1,135,941	$1,983,850,281	

STATUS OF STATE PROGRAMS AS OF JANUARY 2002

Funds Spent Per Capita	Funds Available	Funds Available Per Capita	Outstanding Applications	Funding Sources
$0.47 ~	$5,000,000	$0.14	24	Appropriations, bonds, FPP
$6.10	$6,000,000	$1.36	6	Portion of lottery proceeds, FPP
$24.00	$2,000,000	$0.58	N/A	Bonds, FPP
$87.14	$7,000,000	$8.79	170	Appropriations, bonds, portion of lawsuit settlement, transportation funding, FPP
$0.56	$11,000,000	$2.71	141	Appropriations, bonds, FPP
$1.26	$1,000,000	$0.78	10	Appropriations, bonds, royalties from credit card, FPP
$48.01	$27,303,876	$5.08	N/A	Agricultural transfer tax, real estate transfer tax, FPP
$19.76	$6,000,000	$0.94	108	Bonds, transportation funding, FPP
$2.62	$5,000,000	$0.50	1,225	Repayment of tax credits by landowners withdrawing from the state's circuit breaker program, FPP
$0.98	$0	$0.00	14	Appropriations, FPP
$3.97	$0	$0.00	0	Appropriations, FPP
$4.25	$0	$0.00	0	Bonds
$29.34	$80,000,000	$9.43	630	Appropriations, bonds, portion of state sales and use tax, FPP
$0.73	N/A	N/A	37	Bonds, FPP
$0.30	$192,000	$0.02	8	Appropriations
$0.00	$6,250,000	$0.55	0	Appropriations, bonds
$34.12	$40,000,000	$3.26	1,600	Appropriations, bonds, cigarette tax, roll-back property tax payments, FPP
$14.18 ~	N/A	N/A	N/A	Bonds, FPP
$11.28	$2,000,000	$0.88	3	Appropriations
$81.55	$4,500,000	$7.34	60	Appropriations, bonds, property transfer tax, Farms for the Future pilot program, transportation funding, FPP
	$203,245,876		4,036	
	$185,481,972		908	
	$388,727,848		4,944	

STATUS OF STATE PACE PROGRAMS

NOTES

❖ The Montana Agricultural Heritage program is scheduled to sunset in 2003. The New Hampshire Land Conservation Investment Program was terminated in 1993.

~ Figures are from 2001 or earlier data.

^ "Program Funds Spent to Date" includes incidental land acquisition costs and/or personnel costs. North Carolina program spending only covers transaction costs and future monitoring costs, net landowner compensation.

** "Local Contributions to Date" includes contributions from land trusts and private citizens.

For a summary of local activity refer to the "Status of Local PACE Programs" fact sheet.

FARMLAND INFORMATION CENTER

FACT SHEET

PURCHASE OF AGRICULTURAL CONSERVATION EASEMENTS: SOURCES OF FUNDING

American Farmland Trust

TECHNICAL ASSISTANCE
Herrick Mill, One Short Street
Northampton, MA 01060
Tel: (413) 586-4593
Fax: (413) 586-9332
Web: www.farmlandinfo.org

NATIONAL OFFICE
1200 18th Street, NW, Suite 800
Washington, DC 20036
Tel: (202) 331-7300
Fax: (202) 659-8339
Web: www.farmland.org

January 1999

DESCRIPTION

Purchase of agricultural conservation easement (PACE) programs compensate property owners for restrictions on the future use of their land. One of the biggest challenges in administering PACE programs is figuring out how to pay for them. It is necessary to have reliable sources of revenue to allow farmers and ranchers to incorporate the sale of easements into their long-term financial plans. This fact sheet provides an overview of funding sources and identifies some issues to address when deciding how to pay for easements.

BONDS

General obligation bonds are the most popular source of funding for PACE. Bonds are essentially IOUs issued by cities, states and other public entities to finance large public projects. The issuer agrees to repay the amount borrowed plus interest over a specified term – typically 20 to 30 years. General obligation bonds are backed by the "full faith and credit" of the issuer. This means that the government entity is obligated to raise taxes or to take whatever action is within its power to repay the debt.

State rules guiding the issuance of bonds vary. General obligation bonds may require approval by the legislature or voters or both. Almost half of the states limit issuance of bonds through constitutional or statutory requirements. For more information contact state bond authorities and independent underwriting experts.

Benefits

- Bonds allow programs to commit large sums to farmland protection while land is still available and relatively affordable.
- Bonds distribute the cost of acquisition over time.

Drawbacks

- Interest paid on bonds increases the overall cost of the program.

TAXES

Property Taxes

Property taxes are a popular source of funding for local PACE programs. Property taxes are levies on the value of real estate. Municipalities use dedicated increases in the tax rate to pay for easement acquisitions and to cover debt service on bonds.

States create general guidelines and may set limits for computing tax rates and assessing properties. Public referenda usually are required to ratify a dedicated property tax increase. The state of Washington gives local governments the option to increase property taxes for land conservation. For more information on this potential funding source, consult local assessors and local government administrators.

Real Estate Transfer Taxes

A real estate transfer tax is a levy on property sales. It is typically a small percentage of the purchase price and is usually paid by the buyer. Transfer taxes may be used to acquire land directly or to cover financing costs on bonds. Transfer taxes ensure that the level of funding is tied to development activity—funding increases when the real estate market is hot and drops off when the market cools.

Legislatures can enact statewide transfer taxes or laws authorizing local jurisdictions to levy transfer taxes. In Washington, all counties may levy up to 1 percent of real estate sales. In contrast, the Maryland legislature grants transfer tax authority to local jurisdictions on a case-by-case basis. Enabling legislation typically requires taxing authorities to secure voter approval. For more information, consult local government administrators, municipal attorneys or state legislators.

Sales Taxes

Sales taxes are levies on retail sales imposed by states, local governments and special districts. Sales taxes may be broad-based or targeted to a particular item.

PURCHASE OF AGRICULTURAL CONSERVATION EASEMENTS: SOURCES OF FUNDING

State constitutions and laws dictate whether local governments have the authority to levy sales taxes. According to the National Association of Counties, fewer than half of the nation's counties have the authority to levy a sales tax. However, there are efforts in at least two states to expand the capacity of local jurisdictions to raise revenues for farmland protection. Farmland protection advocates should check with local government administrators or state legislators for more information about this potential source of revenue.

Benefits
- In general, taxes provide a regular stream of revenue.
- Taxes on retail sales ensure that tourists help protect the open land they are enjoying.

Drawbacks
- Taxes are unpopular.
- Raising or levying new taxes requires well-organized campaigns to generate and sustain public support.
- Sales and property taxes are regressive and tend to fall disproportionately on lower-income people.
- Sales taxes are location-based and future revenues could be undermined by internet commerce.

ANNUAL APPROPRIATIONS

State and local governments can allocate a dollar amount to farmland protection from general or discretionary funds. This approach has been used by state legislatures to provide start-up money and to supplement other revenue sources. For example, the Vermont legislature appropriated $20 million to the Vermont Housing and Conservation Trust Fund in 1988 to get the program off the ground. Since then, the program has received a portion of the state property transfer tax and funds from state bonds. In general, annual appropriations are not used as a primary funding source for PACE programs.

State agencies develop spending proposals that are incorporated into the state budget. Legislators may also introduce bills to allocate funds to particular programs. Town and county boards make spending recommendations that may be included in the local budget. Sometimes opportunities arise to earmark budget surpluses at the end of the fiscal year.

Benefits
- Expenditures reflect the will of the current electorate.
- This approach saves financing costs.

Drawbacks
- Funding is unpredictable from year to year.

FEDERAL FUNDS

Farmland Protection Program
The 1996 Farm Bill established the Farmland Protection Program to protect farmland from conversion to nonagricultural uses. The FPP provides matching grants to established state, local and tribal programs, up to a maximum of 50 percent of the final negotiated sales price of conservation easements. The farm bill authorized up to $35 million over six years.

Eligible PACE programs submit proposals to USDA Natural Resources Conservation Service state offices. NRCS has published three requests for proposals between 1996 and 1998. During these application cycles, the USDA Natural Resources Conservation Service disbursed the entire $35 million appropriation. NRCS will request additional funds for the FPP for fiscal year 2000. For more information contact an NRCS state office or visit NRCS' web site at http://www.nrcs.usda.gov/.

Hazard Mitigation Grant Program
The Hazard Mitigation Grant Program was created in November 1988 by Section 404 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, assists states and localities in implementing mitigation measures following a Presidential disaster declaration. Funds have been used to purchase conservation easements on farmland located in the 100-year floodplain.

State, local and tribal governments and private nonprofit organizations that serve a public function are eligible for funding. Projects must fall within the state and local government's overall mitigation strategy for the disaster area, and comply with program guidelines to qualify. HMGP will cover up to 75 percent of project costs. In kind services can be used to meet the state or local cost-share match. Each state sets its own priorities for funding and administering this

PURCHASE OF AGRICULTURAL CONSERVATION EASEMENTS: SOURCES OF FUNDING

program. To apply, contact the state emergency management agency, state hazard mitigation officer or a FEMA regional office. Information is also available online at http://www.fema.gov/mit/hmgp.htm.

Transportation Funding (ISTEA and TEA-21)
The Intermodal Surface Transportation Efficiency Act of 1991 provided funding for a broad range of highway and transit programs, including "transportation enhancements." Enhancements are intended to improve the cultural, aesthetic and environmental quality of transportation routes. Easement acquisitions that protect scenic views and historic sites along transportation routes are eligible for this program. The Transportation Equity Act for the 21st Century, adopted in May of 1998, re-authorized transportation spending through fiscal 2003. Funding for enhancements was increased by nearly 40 percent nationwide, to $3.6 billion.

Private conservation organizations and public entities are eligible to apply for enhancements money. The program covers up to 80 percent of project costs. Contact state departments of transportation for more information about the application process.

Benefits
- Federal grant programs that fund agricultural easement acquisitions make farmland protection a goal for the federal agencies that administer these programs.
- Federal grants provide much-needed assistance to farmland protection programs.
- HMGP, ISTEA and TEA-21 demonstrate that agricultural land provides floodwater storage and scenic vistas along transportation corridors, which helps make the case for farmland protection.

Drawbacks
- Funding is not predictable from year to year.
- HMGP and ISTEA funds are rarely used for agricultural easement acquisitions.
- Easement values in floodplains may be too low to encourage participation in the HMGP.

CREATIVE SOURCES OF FUNDING

Cellular Phone Tax
The city of Virginia Beach, Virginia, collects a 10 percent tax on cellular phone bills up to a maximum of $3 per month. Proceeds from the tax are deposited in the general fund, and a flat dollar amount is earmarked for the farmland protection program.

The General Assembly gave all Virginia localities the right to tax cellular phone usage in the mid-1990s. In other states local jurisdictions may already have the authority to tax cellular phone service. Farmland protection advocates should check with town or county counsel.

Check-Off Box
In 1997, county commissioners in Kent County, Maryland, approved a voluntary check-off box program to help fund easement acquisitions. The county distributes a brochure with local tax mailings that describes the county's farmland protection efforts and asks for a small contribution.

Local governments may need to seek state authority to collect contributions for land conservation. Kent County did not need state approval, but sponsors sought support from the county commissioners.

Credit Cards
In 1996, the Land for Maine's Future Program issued the first state-sponsored credit card to raise money for land protection. LFMF acquires land to provide recreational opportunities, and to protect important natural resources (including farmland) and scenic views. The program receives 0.5 percent of all charges and has received about $60,000 to date.

Local jurisdictions do not have a large enough pool of potential card users to make this alternative worthwhile. State programs may be required to seek statutory authority to issue a credit card. LFMF sought statutory authority to issue its credit card in 1995. There was overwhelming support among legislators for this funding option.

PURCHASE OF AGRICULTURAL CONSERVATION EASEMENTS: SOURCES OF FUNDING

For additional information on Purchase of Agricultural Conservation Easements and other farmland protection programs, the Farmland Information Center offers publications, an on-line library and technical assistance. To order PACE: What Works, a 38-page comprehensive technical report ($14.95), or other AFT publications, call (800) 370-4879. The farmland information library is a searchable database of literature, abstracts, statutes, maps, legislative updates and other useful resources. It can be reached at http://www.farmlandinfo.org. For additional assistance on specific topics, call the technical assistance service at (413) 586-4593.

Lottery Proceeds

In 1992, 58 percent of Colorado voters approved the Great Outdoors Colorado Amendment redirecting a portion of lottery revenues to protect open space. The amendment also created the Great Outdoors Colorado Trust Fund to oversee the distribution of the funds. Great Outdoors Colorado funds wildlife habitat restoration, land conservation (including farmland), and parkland acquisition and maintenance. GOCO received an average of $17 million each year between 1994 and 1999.

Enabling legislation for state lotteries typically specifies how revenues can be spent. Consequently, reallocating revenues to land protection often requires legislative action. Contact state legislators for more information about this potential funding source.

Mitigation Ordinances

The City Council of Davis, California, adopted an ordinance requiring farmland mitigation in 1995. For every acre of agricultural land converted to other uses, an acre of agricultural land must be protected by a conservation easement. Developers can grant a conservation easement or pay a fee that would cover the cost of protecting a comparable amount of land.

Mitigation ordinances are difficult to craft. The U.S. Supreme Court ruled in Nollan v. California Coastal Commission, 107 S. Ct. 3141, that there must be a direct connection or "nexus" between exactions from landowners and the proposed development's impact. Furthermore, in 1994 the U.S. Supreme Court determined in Dolan v. Tigard, 114 S. Ct. 2309, that exactions must be "roughly proportional" to the impact of the development.

Special Districts

In California, the Solano County Farmland and Open Space Foundation is funded by a Mello-Roos district. A Mello-Roos district is a special district created under the state's Mello-Roos Community Facilities Act of 1982 to finance open space acquisition and the development of parks. In Solano County, properties within the district pay an annual tax of $16- $33 per acre prior to development and $80 per unit after construction.

The rules governing the creation of special districts vary from state to state. For more information, farmland protection advocates should contact their town or county administrators.

Benefits

- These funding options are often viewed as "new" sources of revenue and receive enthusiastic public support.
- The check-off box and credit card programs allow residents to choose to contribute to farm land protection.
- The mitigation ordinance makes developers pay for farmland protection, establishing a clear link between the cause and a potential solution.

Drawbacks

- Localities may not be able to secure the authority to implement some of these options.
- Some of these strategies produce modest revenues or take a few years to generate significant sums.

ISSUES TO ADDRESS

- What does state or local law allow?
- How difficult will it be to get approval?
- How much money can be raised?
- How predictable is the funding source?
- How secure is the funding source? Could funds be "raided" by state or local governments during fiscal crises?
- Who benefits and who pays?

FACT SHEET

INSTALLMENT PURCHASE AGREEMENTS

DESCRIPTION

Purchase of Agricultural Conservation Easement (PACE) programs compensate property owners for restrictions on the future use of their land. One of the biggest challenges in administering PACE programs is figuring out how to pay for them. This fact sheet describes an innovative financing plan that helps jurisdictions stretch available funds while offering unique benefits to landowners.

What it is

An installment purchase agreement (IPA) is an innovative payment plan offered by a handful of jurisdictions with Purchase of Agricultural Conservation Easement (PACE) programs. IPAs spread out payments so that landowners receive semi-annual, tax-exempt interest over a term of years (typically 20 to 30). The principal is due at the end of the contract term. Landowners also can sell or securitize IPA contracts at any point to realize the outstanding principal. The IPA financing plan won the Government Finance Officers Association Award for Excellence in 1990.

How it works

The day before settlement, the jurisdiction sets the rate for the interest paid to the IPA holder. The rate is typically pegged to the current return on U.S. Treasury bonds. However, counties and local governments can set a minimum interest rate, or "floor," to provide participating farmers with additional security.

Jurisdictions can purchase zero-coupon bonds to cover the final balloon payments. "Zeroes" do not generate regular interest income. Instead, they yield a lump sum when the bond matures. Because zero coupon bonds cost a fraction of their face value, the public entity leverages available funds. "Zeroes" with a face value equal to the purchase price are usually purchased the day before settlement.

At settlement, the landowner grants the jurisdiction a permanent agricultural conservation easement in exchange for an IPA. Then the jurisdiction begins making tax-exempt interest payments twice a year. The balance of the purchase price is paid to landowners at the end of the agreement. The landowner may sell or "securitize" the IPA on the municipal bond market to recover the outstanding principal before the end of the agreement.

HISTORY

Howard County, Maryland, pioneered IPA as a strategy to fund its PACE program in 1989. By 1987, the county's five-year-old farmland protection program had stalled. Lump-sum payments were no longer a competitive option for farmers due, in part, to dramatic increases in land prices. Later that year, county officials met with a financial advisor to explore ways to make the most of accumulated tax revenues and reinvigorate the program. The advisor combined installment payments and the purchase of zero coupon bonds with the county's traditional funding mechanisms. Working with the county executive, county agencies and bond counsel to refine the proposal, the plan was announced in May 1989. Workshops were held for interested property owners over the next few months and the County Council approved the first round of IPAs in November. To date, 81 agreements have been executed in Howard County, adding 9,200 acres to the 7,500 protected before the IPA program was created.

Based on the Howard County model, Harford County, Md., Burlington County, N.J. and Virginia Beach, Va. have developed IPA programs to stretch public funds for farmland protection. In addition, Pennsylvania's statewide farmland preservation program is crafting an IPA program. In the spring of 1999, Pennsylvania legislators earmarked $500,000 to support this effort.

American Farmland Trust

TECHNICAL ASSISTANCE
Herrick Mill, One Short Street
Northampton, MA 01060
Tel: (413) 586-4593
Fax: (413) 586-9332
Web: www.farmlandinfo.org

NATIONAL OFFICE
1200 18th Street, NW, Suite 800
Washington, DC 20036
Tel: (202) 331-7300
Fax: (202) 659-8339
Web: www.farmland.org

September 1999

The Farmland Information Center is a public/private partnership between American Farmland Trust and the USDA Natural Resources Conservation Service that provides technical information about farmland protection.

INSTALLMENT PURCHASE AGREEMENTS

For more information on installment purchase agreements contact:

Evergreen Capital Advisors, Inc.
34 Chambers Street
Princeton, New Jersey
08542-3700.

Tel: (609) 279-0068
Fax: (609) 279-0065
Email:
patoconnell@wmswordco.com

For information about farmland protection techniques contact AFT's technical assistance service.

FUNCTIONS AND PURPOSES

IPAs are intended to make PACE programs competitive with developers by providing unique financial and tax advantages. In addition, this payment option enables jurisdictions to use accumulated and future dedicated revenues to protect land while it is still available and relatively affordable.

ISSUES TO ADDRESS

Authority and Approvals
In general, state and local governments can enter into IPAs if they have the authority to issue general obligation bonds. Because IPAs constitute long-term debt, agreements typically require the same approval process as bonds. Laws governing the issuance of bonds vary from state to state. Some states require approval by the legislature, the voters or both. For more information, contact state agencies that regulate municipal bond issuance, bond counsel or independent investment banking or public financial advisory firms.

Funding
An IPA program requires dedicated funds to cover the interest and principal payments. Howard County uses proceeds from a local real estate transfer tax and the county's share of a statewide agricultural transfer tax to support its program. Virginia Beach relies on revenue from a property tax increase and a tax on cellular phone use.

BENEFITS

- Landowners may defer capital gains taxes until they receive the principal for the purchase price. This keeps a larger proportion of the proceeds "working" or earning interest.
- The semi-annual interest paid on the outstanding balance of the purchase price is exempt from federal, state and local income taxes and can provide a supplementary income stream.
- Landowners can liquidate their IPA prior to the end of the agreement.
- IPAs can be transferred to heirs and are useful in estate planning.
- The package of financial and tax benefits offered to landowners could enable them to net more than they could through a traditional cash sale. These benefits may encourage landowners to accept less than the appraised value for their easements.
- IPAs stretch public funds. By deferring principal payments, public entities can buy more easements while land is available and relatively affordable. Also, by purchasing "zeroes" jurisdictions spend a fraction of the negotiated purchase price at closing and leverage available funds.

DRAWBACKS

- IPAs require a dedicated funding source to cover the interest payments.
- An IPA program may take up to six months to develop.
- Bond counsel, a paying agent and a financial advisor will have to assist in each settlement. The estimated cost of each transaction including fees and charges by rating agencies ranges from $5,000 to $20,000. These costs can be higher—on a percentage basis—than the costs to issue bonds for a cash-purchase program.
- Because IPAs are backed by the full faith and credit of the jurisdiction, each agreement may require the same approval process as general obligation bonds.

FARMLAND INFORMATION CENTER

FACT SHEET

AGRICULTURAL DISTRICT PROGRAMS

DESCRIPTION

Agricultural district programs allow farmers to form special areas where commercial agriculture is encouraged and protected. Programs are authorized by state legislatures and implemented at the local level. Enrollment in agricultural districts is voluntary. In exchange for enrollment, farmers receive a package of benefits that varies from state to state. Minimum acreage requirements and initial terms of enrollment also vary. Agricultural district programs should not be confused with zoning districts that delineate areas governed by local land use regulations.

There are a total of 18 agricultural district laws in 16 states. Both Minnesota and Virginia have statewide and local agricultural district programs. Provisions vary widely, but most agricultural district laws are intended to be comprehensive responses to the challenges facing farmers in developing communities.

To maintain a land base for agriculture, some agricultural district laws protect farmland from annexation and eminent domain. Many laws also require that state agencies limit construction of infrastructure, such as roads and sewers, in agricultural districts. Three states offer participants eligibility for purchase of agricultural conservation easement programs, and two states include a right of first refusal in district agreements to ensure that land will continue to be available for agriculture.

Agricultural district laws help create a more secure climate for agriculture by preventing local governments from passing laws that restrict farm practices, and by providing enhanced protection from private nuisance lawsuits.

To reduce farm operating expenses seven programs offer either automatic eligibility for differential tax assessment or property tax credits to farmers who enroll in agricultural districts.

Some states encourage local planning by limiting district authorization to jurisdictions with comprehensive or farmland protection plans, requiring the adoption of land use regulations to protect farmland, involving planning bodies in the development and approval of districts, and limiting non-farm development in and around agricultural districts.

Agricultural district laws are intended to stabilize the land base and to support the business of farming by providing farmers with an attractive package of incentives.

HISTORY

In 1965, California enacted the California Land Conservation Act to preserve agricultural land and open space and promote efficient urban growth patterns. The Williamson Act, as it is commonly known, allows landowners within locally designated "agricultural preserves" to sign renewable 10-year contracts with local governments. Landowners agree to restrict use of property within preserves to agriculture or open space for the term of the contract. In return, the land is assessed at its agricultural use value, providing participants with significant property tax relief.

The New York Legislature created a comprehensive agricultural district program in 1971. Article 25 AA of the New York Agriculture and Markets Law made differential assessment available to New York farmers. The program also contained provisions that have been incorporated into other agricultural district laws, including protection against unreasonable local regulations, special review of the use of eminent domain and a requirement that state agency policies support the continuation of farming in agricultural districts.

Between 1971 and 1995, 14 other states and one region followed the examples set by California and New York. Agricultural district programs continue to evolve.

In 1992, amendments to the New York law reconstituted and strengthened local agricultural advisory committees, added new right-to-farm protections and required local governments to recognize the intent of the agricultural districts law when making local land use decisions. New

American Farmland Trust

Technical Assistance
One Short Street, Suite 2
Northampton, MA 01060
Tel: (413) 586-4593
Fax: (413) 586-9332
Web: www.farmlandinfo.org

National Office
1200 18th Street, NW, Suite 800
Washington, DC 20036
Tel: (202) 331-7300
Fax: (202) 659-8339
Web: www.farmland.org

December 2001

PROVISIONS OF AGRICULTURAL DISTRICT LAWS

PROVISION	Programs with Provision	Calif.	Del.	Ill.	Iowa
Limits on use of eminent domain [a]	12	▲			
Limits on non-farm development	12	▲	▲	▲	▲
State agency policies must support farming	12	▲	▲	▲	▲
Local planning requirement [b]	11	▲			▲
Limits on special assessments	11	△		▲	▲
Farmers receive extra right-to-farm protection	10		▲	▲	
Limits on public investment for non-farm development	7	▲			
Sound conservation practices required	7			▲	
Strong sanctions on withdrawal from districts	6	▲			
Agricultural impact statement required for public projects	6				▲
Farmers are automatically eligible for differential assessment [c]	5	▲	❖		
Public utilities exempted from limits on eminent domain	5				
Local governments compensated for taxes reduced by differential assessment	4	▲			
Limits on local governments' ability to annex land	4	△			
Protection from siting of public facilities (e.g., schools and solid waste mgt. facilities)	3	△		▲	
Enrollment required to be eligible for agricultural easement acquisition program	3		▲		
Landowners adjacent to districts must sign agricultural nuisance disclaimer	3		▲		
Land Evaluation and Site Assessment (LESA) system used to define boundaries of district	2		▲		
Landowner consent required prior to adoption of more restrictive zoning	2				
Enrolled land gets priority in water rights allocation	2				▲
Public entities have right of first refusal to purchase land	2				
Farmer can recover legal fees if he/she wins nuisance lawsuit	2		▲		
Mediation required for land use disputes	2				⌘
Soil and water conservation cost sharing for farmers	2				
Land use controls on adjacent land must consider districts	1				
Farmers are automatically eligible for annual per acre property tax credit	1				
Limits on rate of property tax increases	1				
Buffer strips required for development adjacent to districts	1		▲		
Initial term of enrollment (in years)	16	10/20**	10	10	3
Minimum acreage requirement	16	100	200	350	300

[a] The degree of protection varies significantly from state to state. Minn. and N.J. prohibit eminent domain; Pa. and Utah can prohibit eminent domain, subject to review by state officials; Calif., Ky., Minn.-metro, N.Y., Ohio, Tenn. and Va. cannot prohibit eminent domain, but may require prior notification, agricultural impact statements, alternative proposals and/or public hearings.

[b] Planning requirements vary among states. Calif., Minn. and Minn.-Metro require plans (i.e., comprehensive or agricultural land preservation) to be eligible to establish districts, and zoning or other "official controls" to protect farmland. Md., N.J., N.Y., Pa., Utah, Va. and Va.-Local involve planning bodies in the development and approval of districts. Iowa requires that counties create land use inventories prior to establishment of districts.

[c] In Calif., farmers who sign an FSZ contract receive additional property tax relief.

Ky.	Md.	Mass.	Minn. State	Minn. Metro	N.J.	N.Y.	N.C.	Ohio	Pa.	Tenn.	Utah	Va. State	Va. Local
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▲ Provision included in program.

△ Benefit provided only to landowners who sign FSZ contracts in Calif., and landowners in "municipally approved" districts in N.J.

❖ Land enrolled in districts is exempt from all but agricultural property taxes.

⌘ Provision included but never implemented.

■ Minimum acreage requirement established by local entity.

* Only farms receiving grants for soil and water conservation projects must have an approved conservation plan.

** The initial term is 10 years for Williamson Act contracts and 20 years for FSZ contracts. Each year, contracts automatically are extended for one year unless a notice of non-renewal is submitted.

AGRICULTURAL DISTRICT PROGRAMS

For additional information on agricultural district programs and other farmland protection programs, the Farmland Information Center offers publications, an on-line library and technical assistance. To order Agricultural District Programs: What Works, *a 22-page comprehensive technical report ($9.95), or other AFT publications, call (800) 370-4879. The farmland information library is a searchable database of literature, abstracts, statutes, maps, legislative updates and other useful resources. It can be reached at http://www.farmlandinfo.org. For additional assistance on specific topics, call the technical assistance service at (800) 370-4879.*

York state added a nuisance disclaimer to its district law in 1998, and a requirement that enrolled farmers apply sound conservation practices.

A 1994 amendment to California's Williamson Act made it more difficult for local governments to acquire land in agricultural preserves for public use. In 1998, California passed a new law that authorized the creation of Farmland Security Zones (FSZ). Farmers who elect to sign a 20-year FSZ contract receive expanded district benefits, including a 35 percent reduction in property tax assessments on top of values calculated under Williamson Act contracts, and protection from annexation and school sitings on agricultural land.

In 1997, Utah added provisions requiring that landowners adjacent to districts sign a nuisance disclaimer; in 1998, local planning and minimum acreage requirements were added.

In 1998, the Iowa State Supreme Court ruled that the right-to-farm provision contained within Iowa's agricultural districts law constituted a taking of property rights without compensation. The court found that the provision, which immunized farms in agricultural districts from nuisance lawsuits, amounted to an interest in, or easement on, adjacent land without payment of just compensation.

In 2000, Kentucky placed limits on special assessments on land enrolled in districts. Virginia's state district law also was amended in 2000 to include significant economic consequences for early withdrawal from the program.

FUNCTIONS & PURPOSES

Agricultural district programs are intended to be comprehensive responses to the challenges facing farmers in developing communities. They can be designed to protect agricultural land, head off land conflicts, reduce farm operating expenses and encourage local planning.

ISSUES TO ADDRESS

- Who will be eligible to enroll land in an agricultural district?
- What are the procedures for enrollment?
- What are the incentives for enrollment?
- What restrictions, if any, are placed on land enrolled in an agricultural district?
- How easy--or difficult--is it to withdraw land from an agricultural district?
- Who has the authority to terminate agricultural district agreements?

BENEFITS

- Enrollment in agricultural districts is voluntary, making the programs popular with farmers.
- Agricultural district programs are very flexible; benefits and restrictions can be tailored to meet local objectives.
- Agricultural districts provide multiple benefits to farmers, including tax relief, protection from local regulation and eligibility for PACE programs.
- Agricultural districts help secure a critical mass of land to keep farming viable.

DRAWBACKS

- Sanctions for withdrawing land from agricultural districts may not be strong enough to discourage conversion.
- Limits on non-farm development may not prevent expansion of public services such as water and sewer lines into agricultural areas. Some agricultural district laws address this issue; others do not.
- In some states, the benefits provided by agricultural districts are not enough incentive for farmers to enroll.
- In some states, the procedure for creating agricultural districts is lengthy and complex.

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FACT SHEET

AGRICULTURAL PROTECTION ZONING

DESCRIPTION

Agricultural protection zoning refers to county and municipal zoning ordinances that support and protect farming by stabilizing the agricultural land base. APZ designates areas where farming is the desired land use, generally on the basis of soil quality as well as a variety of locational factors. Other land uses are discouraged. APZ ordinances vary in what activities are permitted in agricultural zones. The most restrictive regulations prohibit any uses that might be incompatible with commercial farming. The density of residential development is limited by APZ. Maximum densities range from one dwelling per 20 acres in the eastern United States to one residence per 640 acres in the West.

In practice, the specific areas designated by APZ are generally called agricultural districts. In the context of farmland protection, however, these zoning districts, which are imposed by local ordinances, are easily confused with voluntary agricultural districts created by farmers under statutes in 16 states. To avoid confusion, American Farmland Trust refers to the mandatory agricultural areas as agricultural protection zones, and the voluntary areas as agricultural districts.

APZ ordinances contain provisions that establish procedures for delineating agricultural zones and defining the land unit to which regulations apply. They specify allowable residential densities and permitted uses, and sometimes include site design and review guidelines. Some local ordinances also contain right-to-farm provisions and authorize commercial agricultural activities, such as farm stands, that enhance farm profitability. Occasionally, farmers in an agricultural protection zone are required to prepare conservation or farm management plans.

The definition of APZ varies with jurisdiction and by region of the country. A minimum lot size of 20 acres, combined with other restrictions, may be sufficient to reduce development pressures in areas where land is very expensive and farming operations are relatively intensive. Several county APZ ordinances in Maryland permit a maximum density of one unit per 20 acres. In areas where land is less expensive and extensive farming operations such as ranches predominate, much lower densities may be required to prevent fragmentation of the land base. In Wyoming and Colorado, counties are not permitted to control subdivision of lots that are larger than 35 acres. The 35-acre provision has led to the creation of hundreds of 35-acre "ranchettes" in both states, fragmenting ranches into parcels that are too small for successful commercial ranching.

Many towns and counties have agricultural/residential zoning that allows construction of houses on lots of one to five acres. Although these zoning ordinances permit farming, their function is more to limit the pace and density of development than to protect commercial agriculture. In fact, such ordinances often hasten the decline of agriculture by allowing residences to consume far more land than necessary. AFT defines APZ as ordinances that allow no more than one house for every 20 acres, support agricultural land uses and significantly restrict non-farm land uses.

HISTORY

The courts first validated zoning as a legitimate exercise of police power in the 1920s, giving local governments broad authority to regulate local land use. Rural counties in California, Pennsylvania and Washington began using zoning to protect agricultural land from development during the mid-1970s. In 1981, the National Agricultural Lands Study reported 270 counties with agricultural zoning. In 1995, an informal AFT survey found nearly 700 jurisdictions in 24 states with some form of APZ.

FUNCTIONS & PURPOSES

APZ helps towns and counties reserve their most productive soils for agriculture. It stabilizes the agricultural land base by keeping large tracts of land relatively free of non-farm development,

American Farmland Trust

TECHNICAL ASSISTANCE
Herrick Mill, One Short Street
Northampton, MA 01060
Tel: (413) 586-4593
Fax: (413) 586-9332
Web: www.farmlandinfo.org

NATIONAL OFFICE
1200 18th Street, NW, Suite 800
Washington, DC 20036
Tel: (202) 331-7300
Fax: (202) 659-8339
Web: www.farmland.org

September 1998

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thus reducing conflicts between farmers and their non-farming neighbors. Communities also use APZ to conserve a "critical mass" of agricultural land, enough to keep individual farms from becoming isolated islands in a sea of residential neighborhoods. Maintaining a critical mass of agricultural land and farms allows the retention of an agricultural infrastructure and support services, such as equipment dealers and repair facilities, feed mills, fertilizer and pesticide suppliers, veterinarians, spraying and seeding contractors, food processors and specialized financial services. All of these agricultural businesses need their farm customers to stay profitable.

APZ can also limit land speculation, which drives up the fair market value of farm and ranch land. By restricting the development potential of large properties, APZ is intended to keep land affordable to farmers. A strong ordinance can demonstrate to farmers that the town or county sees agriculture as a long-term, economically viable activity, instead of an interim land use.

Finally, APZ helps promote orderly growth by preventing sprawl into rural areas, and benefits farmers and non-farmers alike by protecting scenic landscapes and maintaining open space.

BENEFITS

- APZ is an inexpensive way to protect large areas of agricultural land.
- By separating farms from non-agricultural land uses, APZ reduces the likelihood of conflicts between farmers and non-farming neighbors.
- APZ helps prevent suburban sprawl and reduces infrastructure costs.
- Compared to purchase of conservation easement and transfer of development rights programs, APZ can be implemented relatively quickly.
- APZ is easy to explain to the public because most landowners are familiar with zoning.
- APZ is flexible. If economic conditions change, the zoning can be modified as necessary.

DRAWBACKS

- APZ is not permanent. Changes in APZ ordinances can open up large areas of agricultural land for development.
- APZ can reduce land values, which decreases farmers' equity in land. For this reason, farmers sometimes oppose APZ, making it difficult to enact.
- APZ may be difficult to monitor and enforce on a day-to-day basis.
- County APZ ordinances do not protect agricultural land against annexation by municipalities.

Source: American Farmland Trust, *Saving American Farmland: What Works* (Northampton, Mass., 1997).

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FACT SHEET

DIFFERENTIAL ASSESSMENT AND CIRCUIT BREAKER TAX PROGRAMS

American Farmland Trust

TECHNICAL ASSISTANCE
Herrick Mill, One Short Street
Northampton, MA 01060
Tel: (413) 586-4593
Fax: (413) 586-9332
Web: www.farmlandinfo.org

NATIONAL OFFICE
1200 18th Street, NW, Suite 800
Washington, DC 20036
Tel: (202) 331-7300
Fax: (202) 659-8339
Web: www.farmland.org

September 1998

DESCRIPTION

Tax incentives are widely used to maintain the economic viability of farming. All states have at least one program designed to reduce the amount of money farmers are required to pay in local real property taxes.

The most important type of agricultural tax program is known as differential assessment. Every state except Michigan has a differential assessment program that allows local officials to assess farmland at its agricultural use value, rather than its fair market value, which is generally higher. Agricultural use value represents what farmers would pay to buy land in light of the net farm income they can expect to receive from it. Full fair market value represents the amount a willing buyer—whether farmer or developer—would pay for the land. Differential assessment is also known as current use assessment and use value assessment.

Three states—Michigan, New York and Wisconsin—allow farmers to claim state income tax credits to offset their local property tax bills. These programs are called "circuit breakers" because they relieve farmers of real property taxes that exceed a certain percentage of their income. Iowa offers a credit against school taxes on agricultural land. While circuit breaker programs are not widespread, they are receiving increasing attention from state governments looking for ways to relieve farmers' tax burden.

HISTORY

Iowa's Agricultural Land Credit Fund, established in 1939, was the first state program to provide farmers with relief from property taxes. Maryland enacted the nation's first differential assessment law in 1956. Between 1959 and 1969, 20 other states adopted differential assessment legislation. Michigan adopted its circuit breaker tax relief program in 1974. By 1989, all 50 states had at least one type of agricultural tax program for farmland owners, and several states had more than one program.

As the value of farmland has risen, states have expanded their agricultural tax programs. Michigan adopted a special tax rate for farmland as part of its comprehensive property tax reform legislation in 1994. Wisconsin created a differential assessment program to supplement its circuit breaker program in 1995, and New York supplemented its differential assessment program with a circuit breaker program in 1996.

FUNCTIONS & PURPOSES

Differential assessment laws and circuit breaker tax relief programs have three purposes: to help farmers stay in business by reducing their real property taxes; to treat farmers fairly by taxing farmland based on its value for agriculture, rather than at fair market value as if it were the site of a housing development; and to protect farmland by easing the financial pressures that force some farmers to sell their land for development.

As agricultural land is developed, property values rise. As new residents and businesses move to rural areas, local governments often raise property tax rates to support increased demand for public services. Tax rates that are based on the value of agricultural land for residential or commercial development do not reflect the current use of the land, nor farmers' ability to pay. Increasing property values and the corresponding rise in taxes can reduce farm profitability.

High land values also make it more difficult for farmers to increase profits by expanding their operations. The combination of expensive real estate and high taxes creates strong economic incentives for farmers to stop farming and sell land for development. Differential assessment and circuit breaker programs help ensure that farmers who want to continue farming will not be forced to sell land just to pay their tax bills.

Differential assessment and circuit breaker programs also help correct inequities inherent in local property tax systems. Property taxes are assessed on a per-acre basis, and farmers are

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DIFFERENTIAL ASSESSMENT AND CIRCUIT BREAKER TAX PROGRAMS

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often the largest landowners in rural communities. The amount of land a farm family owns, however, does not reflect the cost of services they receive from local government. Studies show that farmland owners pay more in taxes than the value of the public services they receive from local governments, while homeowners receive more services than their taxes pay for.

BENEFITS

- Agricultural tax programs help farmers stay in business by lowering their expenses.
- Agricultural tax programs help correct inequities in the tax system.

DRAWBACKS

- Agricultural tax programs do not ensure long-term protection of farmland.
- Differential assessment programs often provide a subsidy to real estate speculators, who are keeping their land in agriculture pending development.

Source: American Farmland Trust, *Saving American Farmland: What Works* (Northampton, Mass., 1997).

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FACT SHEET

GROWTH MANAGEMENT LAWS

DESCRIPTION

Growth management laws are designed to control the timing, phasing and character of urban growth. They take a comprehensive approach to regulating the pattern and rate of development and set policies to ensure that most new construction is concentrated within designated urban growth areas or boundaries (UGBs). They direct local governments to identify lands with high natural resource, economic and environmental value and protect them from development. Some growth management laws require that public services such as water and sewer lines, roads and schools be in place before new development is approved. Others direct local governments to make decisions in accordance with comprehensive plans that are consistent with plans for adjoining areas.

Most growth management programs are established at the state level and may apply to the entire state, high-growth counties or a particular region. Growth management also may be used to guide development at the county and municipal level. Growth management laws can protect farmland by channeling new development away from important agricultural areas.

At least 12 states have growth management statutes, but only seven - Hawaii, Maryland, Minnesota, New Jersey, Oregon, Vermont and Washington - address the issue of farmland conversion. These seven laws vary in the controls that they impose on state and local governments and in the extent to which they protect agricultural land from development.

HISTORY

In 1961, Hawaii became the first state to experiment with statewide land use planning when it created four zoning districts that covered all of the land in the state. One of the four zones was dedicated to agriculture.

Vermont's Act 250, approved in 1970, requires state review of commercial, industrial and residential development projects that meet the act's criteria. Developers must minimize the loss of primary agricultural soils. Vermont passed another state planning act in 1988.

In 1972, Oregon enacted one of the nation's strongest growth management laws. Its 1972 Land Conservation and Development Act directed county officials to inventory farmland and designate it for agriculture in their comprehensive plans. County governments were required to enact exclusive agricultural protection zoning and adopt other farmland protection policies. City governments were required to establish urban growth boundaries.

Washington's Growth Management Act was adopted in 1990 and strengthened in 1991. The law requires all counties to designate important agricultural land and adopt regulations to ensure that land uses adjacent to farms and ranches do not interfere with agricultural operations. Fast-growing counties and their cities must prepare comprehensive plans that protect natural resource areas. Counties required to plan under the act also are required to designate urban growth areas to accommodate projected urban growth over 20 years. In general, urban services may not be extended beyond the boundaries of urban growth areas.

The New Jersey State Development and Redevelopment Plan, released in 1992, is designed to accommodate urban growth by directing it to defined urban areas. It provides a statewide framework that is intended to guide the investment policies of state agencies.

The Maryland Economic Growth, Resource Protection, and Planning Act of 1992 outlines a set of policies to guide growth. It calls for protection of natural resources, including agricultural

American Farmland Trust

TECHNICAL ASSISTANCE
Herrick Mill, One Short Street
Northampton, MA 01060
Tel: (413) 586-4593
Fax: (413) 586-9332
Web: www.farmlandinfo.org

NATIONAL OFFICE
1200 18th Street, NW, Suite 800
Washington, DC 20036
Tel: (202) 331-7300
Fax: (202) 659-8339
Web: www.farmland.org

September 1998

GROWTH MANAGEMENT LAWS

For additional information on farmland protection, the Farmland Information Center offers publications, an on-line library and technical assistance. To order AFT publications, call (800) 370-4879. The farmland information library is a searchable database of literature, abstracts, statutes, maps, legislative updates and other useful resources. It can be reached at http://www.farmlandinfo.org. For additional assistance on specific topics, call the technical assistance service at (413) 586-4593.

land, and for growth to be directed to existing population centers. State projects must be consistent with those policies. Local governments were required to adopt new comprehensive plans and revise their zoning and subdivision ordinances to implement the policies. In 1997, the state Legislature enacted the Smart Growth Areas bill, which directs state funding to areas targeted for development.

Minnesota's 1997 Community-Based Planning Act sets 11 goals for developing local and regional plans. Farmland protection is included as part of a goal to protect, preserve and enhance the state's resources. Local governments are encouraged, rather than required to develop comprehensive plans in accordance with the provisions of the law.

FUNCTIONS & PURPOSES

Growth management laws can result in the designation of lands with high resource value, such as prime farmland, and protect them from inappropriate development. They encourage "smart growth" by directing local governments to designate areas and prepare plans for different types of land uses. Urban growth boundaries encourage orderly growth and let the building industry know where public infrastructure will be provided for residential and commercial development.

Some growth management laws encourage or require local governments to develop comprehensive plans that are both internally consistent *and* consistent with the plans of neighboring jurisdictions. This provision helps ensure that different government agencies in different communities are working toward the same goals. Laws that control the pace of development help guarantee that new homes and businesses have adequate water, sewer, police, fire, education and transportation services.

BENEFITS

- State and regional growth management laws transcend local boundaries and can create incentives for many jurisdictions to work toward common goals.
- Growth management laws allow state and local governments to protect large blocks of agricultural land with a single legislative vote.
- Growth management laws can provide incentives for development in and around areas that are already urban in character while discouraging the use of productive farmland for non-agricultural uses.
- Growth management laws can save communities money by preventing sprawling developments that are costly to serve.

DRAWBACKS

- It is often difficult to win the political approval required to pass state growth management laws.
- Regional planning is especially controversial in many states and may be strongly opposed by local governments.
- Growth management laws are complex and generally take a long time to implement.
- Many growth management laws do not have a strong farmland protection component.

FARMLAND INFORMATION CENTER

FACT SHEET

RIGHT-TO-FARM LAWS

American Farmland Trust

TECHNICAL ASSISTANCE
Herrick Mill, One Short Street
Northampton, MA 01060
Tel: (413) 586-4593
Fax: (413) 586-9332
Web: www.farmlandinfo.org

NATIONAL OFFICE
1200 18th Street, NW, Suite 800
Washington, DC 20036
Tel: (202) 331-7300
Fax: (202) 659-8339
Web: www.farmland.org

September 1998

DESCRIPTION

Right-to-farm laws are designed to accomplish one or both of the following objectives: (1) to strengthen the legal position of farmers when neighbors sue them for private nuisance; and (2) to protect farmers from anti-nuisance ordinances and unreasonable controls on farming operations. Most laws include a number of additional protections. Right-to-farm provisions may also be included in state zoning enabling laws, and farmers with land enrolled in an agricultural district may have stronger right-to-farm protection than other farmers. A growing number of counties and municipalities are passing their own right-to-farm legislation to supplement the protection provided by state law.

The common law of nuisance forbids individuals from using their property in a way that causes harm to others. A private nuisance refers to an activity that interferes with an individual's reasonable use or enjoyment of his or her property. A public nuisance is an activity that threatens the public health, safety or welfare, or damages community resources, such as public roads, parks and water supplies.

A successful nuisance lawsuit results in an injunction, which stops the activity causing the nuisance, provides monetary compensation, or both. In a private nuisance lawsuit involving complaints against a farming operation, the court must decide whether the farm practices at issue are unreasonable. To make this decision, courts generally weigh the importance of the activity to the farmer against the extent of harm to the neighbor or community, taking into account the following factors:

- The degree of harm and its duration, permanence and character: Is it continuous or sporadic? Is it a threat to health, or simply a minor annoyance?
- The social value that state and local law places on both farming and the type of neighboring use that has been harmed;
- The suitability of the two sets of uses to the character of the locality; and
- The ease with which the neighbor could avoid the harm, and the farmer's ability to prevent or minimize the undesirable external effects of the farming operation.*

One of the most important issues is whether the person bringing the lawsuit should have been able to anticipate the problem, and thus has assumed the risk of injury. If the farm was in operation before the person with the complaint moved to the neighborhood, the farmer may argue that the plaintiff "came to the nuisance." In most states, "coming to the nuisance" does not necessarily prevent farm neighbors from winning in court, but a farmer usually has a stronger legal case if his or her operation was there before the plaintiff moved to the area. Right-to-farm laws give farmers a legal defense against nuisance suits; the strength of that defense depends on the provisions of the law and the circumstances of the case.

HISTORY

Between 1963, when Kansas enacted a law to protect feedlots from litigation, and 1994, when Utah included right-to-farm protections in its agricultural district law, every state in the Union enacted some form of right-to-farm law. Several states have enacted two types of right-to-farm legislation, and Minnesota and Iowa have enacted three.

FUNCTIONS & PURPOSES

Right-to-farm laws are intended to discourage neighbors from suing farmers. They help established farmers who use good management practices prevail in private nuisance lawsuits. They document the importance of farming to the state or locality and put non-farm rural residents on notice that generally accepted agricultural practices are reasonable activities to expect in farming areas. Some of these laws also limit the ability of newcomers to change the local rules that govern farming.

Local right-to-farm laws often serve an additional purpose: They provide farm families with a psychological sense of security that farming is a valued and accepted activity in their communities.

RIGHT-TO-FARM LAWS

* American Law Institute, Restatement of Torts (Second) (St. Paul, Minn., 1982), Sections 827-828.

For additional information on right-to-farm laws and farmland protection, the Farmland Information Center offers publications, an on-line library and technical assistance. To order ***Right-to-Farm Laws: What Works****, a 28-page comprehensive technical report ($9.95), or other AFT publications, call (800) 370-4879. The farmland information library is a searchable database of literature, abstracts, statutes, maps, legislative updates and other useful resources. It can be reached at http://www.farmlandinfo.org. For additional assistance on specific topics, call the technical assistance service at (413) 586-4593.*

Source: American Farmland Trust, *Saving American Farmland: What Works* (Northampton, Mass., 1997).

FARMLAND INFORMATION CENTER

FACT SHEET

TRANSFER OF DEVELOPMENT RIGHTS

DESCRIPTION

Transfer of development rights programs allow landowners to transfer the right to develop one parcel of land to a different parcel of land. Generally, TDR programs are established by local zoning ordinances. In the context of farmland protection, TDR is used to shift development from agricultural areas to designated growth zones closer to municipal services. The parcel of land where the rights originate is called the "sending" parcel. When the rights are transferred from a sending parcel, the land is restricted with a permanent conservation easement. The parcel of land to which the rights are transferred is called the "receiving" parcel. Buying these rights generally allows the owner to build at a higher density than ordinarily permitted by the base zoning. TDR is known as transfer of development credits (TDC) in California and in some regions of New Jersey.

TDR programs are based on the concept that property owners have a bundle of different rights, including the right to use land, lease, sell and bequeath it, borrow money using it as security, construct buildings on it and mine it, subject to reasonable local land use regulations. Some or all of these rights can be transferred or sold to another person. When a landowner sells property, generally all the rights are transferred to the buyer. TDR programs enable landowners to separate and sell the right to develop land from their other property rights.

TDR is most suitable in places where large blocks of land remain in farm use. In communities with a fragmented agricultural land base, it is difficult to find a viable sending area. Jurisdictions also must be able to identify receiving areas that can accommodate the development to be transferred out of the farming area. The receiving areas must have the physical capacity to absorb new units, and residents of those areas must be willing to accept higher density development. Often, residents of potential receiving areas must be persuaded that the benefits of protecting farmland outweigh the costs of living in a more compact neighborhood.

TDR programs are distinct from purchase of agricultural conservation easement (PACE) programs because they involve the private market. Most TDR transactions are between private landowners and developers. Local governments generally do not have to raise taxes or borrow funds to implement TDR. A few jurisdictions have experimented with public purchase and "banking" of development rights. A TDR bank buys development rights with public funds and sells the rights to private landowners.

HISTORY

TDR is used predominantly by counties, towns and townships. The 1981 National Agricultural Lands Study reported that 12 jurisdictions had enacted TDR programs to protect farmland and open space, but very few of these programs had been implemented. In the 1980s and 1990s, many local governments adopted TDR ordinances. By 1997, more than 40 local jurisdictions offered TDR as a farmland protection option.

FUNCTIONS & PURPOSES

TDR programs are designed to accomplish the same purposes as PACE programs. They prevent non-agricultural development of farmland, reduce the market value of protected farms and provide farmland owners with liquid capital that can be used to enhance farm viability.

TDR programs also offer a potential solution to the political and legal problems that many communities face when they try to restrict develpment of farmland. Landowners often oppose agricultural protection zoning and other land use regulations because they can reduce equity. APZ can benefit farmers by preventing urbanization, but it may also reduce the fair market value of their land. When downzoning is combined with a TDR program, however, landowners can retain their equity by selling development rights.

ISSUES TO ADDRESS

In developing a TDR program, planners must address a variety of technical issues. These issues include:

American Farmland Trust

TECHNICAL ASSISTANCE
Herrick Mill, One Short Street
Northampton, MA 01060
Tel: (413) 586-4593
Fax: (413) 586-9332
Web: www.farmlandinfo.org

NATIONAL OFFICE
1200 18th Street, NW, Suite 800
Washington, DC 20036
Tel: (202) 331-7300
Fax: (202) 659-8339
Web: www.farmland.org

November 2002

TRANSFER OF DEVELOPMENT RIGHTS

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· Which agricultural areas should be protected?

· What type of transfers should be permitted?

· How should development rights be allocated?

· Where should development be transferred, and at what densities?

· Should the zoning in the sending area be changed to create more of an incentive for landowners to sell development rights?

· Should the zoning in the receiving area be changed to create more of an incentive for developers to buy development rights?

· Should the local government buy and sell development rights through a TDR bank?

One of the most difficult aspects of implementing TDR is developing the right mix of incentives. Farmers must have incentives to sell development rights instead of building lots. Developers must benefit from buying development rights instead of building houses according to the existing standards. Thus, local governments must predict the likely supply of and demand for development rights in the real estate market, which determines the price. TDR programs are sometimes created in conjunction with APZ: New construction is restricted in the agricultural zone, and farmers are compensated with the opportunity to sell development rights.

Because the issues are so complex, TDR programs are usually the result of a comprehensive planning process. Comprehensive planning helps a community envision its future and generally involves extensive public participation. The process of developing a community vision may help build understanding of TDR and support for farmland protection.

BENEFITS

· TDR protects farmland permanently, while keeping it in private ownership.

· Participation in TDR programs is voluntary in the sense that landowners are never required to sell their development rights.

· TDR promotes orderly growth by concentrating development in areas with adequate public services.

· TDR programs allow landowners in agricultural protection zones to retain their equity without developing their land.

· TDR programs are market-driven—private parties pay to protect farmland, and more land is protected when development pressure is high.

· TDR programs can be designed to accomplish a variety of community goals in addition to farmland protection, including the protection of environmentally sensitive areas, the development of compact urban areas, the promotion of downtown commercial growth and the development of agricultural water supplies.

DRAWBACKS

· TDR programs are technically complicated and require a significant investment of time and staff resources to implement.

· TDR is an unfamiliar concept. A lengthy and extensive public education campaign is generally required to explain TDR to citizens.

· The pace of transactions depends on the private market for development rights. If the real estate market is depressed, few rights will be sold, and little land will be protected.

Source: American Farmland Trust, *Saving American Farmland: What Works* (Northampton, MA 1997)

LOCAL GOVERNMENTS WITH TDR PROGRAMS FOR FARMLAND, 1997

State/County	Date Ordinance Enacted	Acres of Farmland Protected	Total Acres Protected	Notes
California				
Marin County	not available	660	660	
San Mateo County	1986	40	40	Bonus rights awarded for development of agricultural water storage
San Luis Obispo	1996	0	0	Appraisals used to allocate development rights
Colorado				
Boulder County	1995	approx. 350	approx. 350	
Connecticut				
Windsor	1993	0	0	Open Space Preservation Program
Florida				
Palm Beach County	1992	0	640	County buys development rights on environmentally sensitive land
Idaho				
Fremont County	1992	not available	not available	
Maryland				
Calvert County	1978	not available	7,700	Sale of one right results in easement on balance of property
Caroline County	1989	not available	not available	
Charles County	1991	315	315	Sale of one right results in easement on balance of property
Harford County	1982	not available	not available	Sending and receiving parcels must be within 500 feet of each other
Howard County	1993	700	2,000	
Montgomery County	1980	38,251	38,251	Mandatory program
Queen Anne's County	1987	1,740	1,740	
St. Mary's County	1990	0	6	
Talbot County	1989	500	580	
Massachusetts				
Sunderland	1974	not available	not available	

State/County	Date Ordinance Enacted	Acres of Farmland Protected	Total Acres Protected	Notes
New York				
Eden	1977	31	37	
Perinton	1993	56	82	Open Space Preservation Program
Central Pine Barrens (Long Island)	1995	30	60	Program designed to protect environmentally sensitive land
Southampton	1972	0	232	
Pennsylvania				
Buckingham Township, Bucks County	1994 *	280	280	
Chanceford Township, York County	1979	not available	not available	
Codorus Township, York County	1990	40	40	Transfers between adjacent parcels in common ownership only
East Hopewell Township, York County	1976	20	20	Transfers between parcels in common ownership only
East Nantmeal Township, Chester County	1994	0	0	
Hopewell Township, York County	not available	not available	not available	
London Grove Township, Chester County	1995	0	0	
Lower Chanceford Township, York County	1990	200	200	Transfers between adjacent parcels in common ownership only
Manheim Township, Lancaster County	1991	190	190	County has TDR Bank
Shrewsbury Township, York County	1991	15	15	Rights may be transferred to low-quality farmland only

FARMLAND INFORMATION CENTER

FACT SHEET

FARM TRANSFER AND ESTATE PLANNING

American Farmland Trust

TECHNICAL ASSISTANCE
Herrick Mill, One Short Street
Northampton, MA 01060
Tel: (413) 586-4593
Fax: (413) 586-9332
Web: www.farmlandinfo.org

NATIONAL OFFICE
1200 18th Street, NW, Suite 800
Washington, DC 20036
Tel: (202) 331-7300
Fax: (202) 659-8339
Web: www.farmland.org

November 2001

DESCRIPTION

Estate planning should lay a framework for a smooth transition of farm or ranch ownership and management. It can provide for the needs of all family members, even those who leave the operation. It can help reduce high inheritance taxes on land made more valuable by inflation and non-farm development pressure. And proper estate planning can address the settlement problems that arise because land is not a liquid asset.

An estate plan is more than a will. A will is an important part of the plan because it names heirs, nominates an executor and appoints guardians for dependents. But a will alone cannot guarantee a secure future for the farm family, land or business.

A good estate plan should accomplish at least four goals:

- Transfer ownership and management of the agricultural operation, land and other assets;
- Avoid unnecessary transfer taxes (income, gift and estate);
- Ensure financial security and peace of mind for all generations;
- Develop the next generation's management capacity.

Laws, especially tax laws, change. Two important elements of estate planning are to set goals and then to revisit them over time as families, finances, priorities and laws change. As part of this goal-setting process, landowners must take inventory of their assets and be sure they fully understand who owns what and how titles to the property are held.

BASIC TECHNIQUES

Farmers and ranchers should complete a will and keep it updated. A living will, health care proxy and the designation of power of attorney are important ways to ensure that the family will be able to make decisions if the landowner becomes seriously injured or terminally ill. The estate planning process is a good opportunity to resolve business operation and management issues and to transfer assets. For tax and other reasons, it makes sense to start transferring operating assets as soon as both generations are comfortable with the commitment.

The estate planning and farm transfer process is also a good time for landowners to evaluate their present business arrangements and decide whether those arrangements meet their current needs and help achieve their goals. They should choose the most appropriate form of business organization, whether it is a sole proprietorship, partnership or corporation. Written agreements are essential.

TRANSFER AND TAX REDUCTION STRATEGIES

- Agricultural conservation easements can permanently protect farmland from non-farm development and significantly reduce transfer taxes in cases where the market value of the land is much greater than its restricted value;
- Annual gifts of assets can help transfer the business and reduce transfer taxes;
- Buy/Sell agreements can ensure an orderly transfer of the farm business;
- Life insurance can be used to fund buy/sell agreements, establish trusts, provide for nonfarming heirs or pay estate taxes;
- Limited partnerships or corporations can allow separation of management and ownership of the business, if desired;
- Long-term care insurance can protect family assets from being used to pay for nursing home costs;

FARM TRANSFER AND ESTATE PLANNING·

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- Minority discounts can substantially reduce transfer tax liability when minority interests of family farm businesses are transferred;
- Purchase of agricultural conservation easements (also known as purchase of development rights) programs can protect farmland, reduce taxes and provide cash for retirement and estate planning needs;
- Transferring management responsibility and asset ownership gradually can provide a smooth transition for the agricultural operation from one generation to the next;
- Trusts can provide financial security for surviving spouses, children and grandchildren.

ISSUES AND OPTIONS

Liquid assets - cash and cash equivalents - are important to settling farm and ranch estates. Having cash allows farm families to pay expenses and medical bills without selling land or farm equipment. Liquid assets also may be used to divide an estate fairly among heirs.

It is important to remember that an equitable settlement does not necessarily mean creating equal shares of a farm or ranch estate, because the children who are involved in a family agricultural enterprise have generally contributed a substantial amount of their time, energy and resources to make the business succeed. These children may have substantial "sweat equity" in the operation they inherit.

Balancing commercial and conservation goals in farm estate planning also is challenging, because farms are businesses. However, with careful planning, farmers and ranchers can take advantage of conservation options that protect land without unduly restricting agricultural enterprises. These conservation options should be integrated into estate plans to ensure long-term protection of both land and farming operations.

Successful farm transfer and estate planning require a team effort - including family, financial, farm management, tax and legal expertise. Because plans must be tailored to individual circumstances, they must be designed to meet a variety of unique situations. Landowners must be sure to talk to their families and find the professional legal and financial assistance they need to accomplish their goals.

ECONOMIC GROWTH AND TAX RELIEF RECONCILIATION ACT OF 2001

The Economic Growth and Tax Relief Reconciliation Act of 2001 contains several provisions that affect farmland conservation and farm estate planning and transfer including:

- A dramatic increase in the estate tax exclusion: $1 million in 2002-3 up to $3.5 million in 2009;
- Repeal of Estate Tax in 2010;
- A reduction of highest tax brackets;
- Modified carryover basis in 2010;
- Removal of geographic limitations for donated conservation easements eligible for estate tax benefits under Section 2031(c) of the tax code; and
- A sunset provision.

These recent tax law changes have provided significant estate tax reductions as well as some additional uncertainty for estate tax planning and farm transfer. Farm and ranch owners should contact their advisers to determine how those changes will affect their planning efforts.

American Farmland Trust

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2002 Farm Conservation Tax Update

By Jerry Cosgrove, Attorney, American Farmland Trust
Co-author, *Your Land is Your Legacy: A Guide to Planning for the Future of Your Farm*

In September 1999, American Farmland Trust published a revised estate planning guide for farmers, ranchers and their families to help them plan for the future of their farms and ranches. The recent changes in the tax laws highlight the need for sound estate planning that is tailored to fit the needs of individual circumstances and uncertainty about future tax legislation. Of course, the need for useful information about the basic strategies and conservation options remains essential. Estate planning continues to be vitally important for farm and ranch families, their businesses and their land.

The *Economic Growth and Tax Relief Reconciliation Act of 2001*, signed into law by President Bush on June 7, 2001, will significantly affect farmland conservation and farm estate planning and transfer because the provisions include:

- Reduced estate and gift tax rates
- Reduced marginal income tax rates
- Increased exemptions for estate and gift taxes
- Elimination of geographic limitations for 2031(c)
- Estate tax repeal for 2010
- Modified carryover basis to accompany estate tax repeal

While the legislation repeals the estate tax for 2010, a sunset provision in the law means that the estate tax is effectively repealed *only* for 2010. As before, estate planning remains key.

Despite the considerable uncertainty about what Congress will do between now and 2010, there are significant changes that start to phase in immediately. In this update, we will briefly outline the major changes.

Reduced Estate Tax Rates
Starting in 2002, the Act reduces top estate tax rates from 55% to 50%, with further gradual reductions to 49% in 2003, 48% in 2004, 47% in 2005, 46% in 2006 and 45% in 2007-2009. The generation-skipping tax rate will also track the estate tax rate reductions.

Increased Exemptions
Also effective in 2002, the unified credit exemption amount is increased to $1 million from $675,000 for estate and gift taxes and will gradually increase to $3.5 million in 2009 for estate taxes. In 2002-2003 it will be $1 million; in 2004-5 it will be $1.5 million; in 2006-8 it will be $2 million; and in 2009 it will be $3.5 million. The gift tax exemption will remain at $1 million. As a result, for the next several years (2003-2009), there will no longer be a "unified" exemption system that applies to both estate and gift taxes.

Income Tax Reductions and the AMT
In addition, marginal income tax rates will be reduced gradually over the next five years: the 28% rate will drop to 25% by 2006; the 31% rate will fall to 28% in 2006; the 36% rate will go to 33% and the highest rate of 39.6% will be reduced to 35%. Because regular income tax rates have been reduced without corresponding reductions in the alternative minimum tax (AMT), the AMT may become more of a factor in future years.

Reduced Estate Tax Impacts
The recent changes will significantly reduce estate tax impacts until 2010. In addition, the new

legislation removed geographic restrictions for donated conservation easements eligible for estate tax benefits under Section 2031(c) of the tax code. The limited exclusion of land subject to a qualified conservation easement will be $500,000 for 2002 and subsequent years. However, this incentive may have limited applicability as exemption levels increase over the next several years and if the estate tax repeal is extended beyond 2010.

Reduction of Credit for State Death Taxes
State death tax credits will be reduced to 75% of existing levels in 2002, 50% in 2003 and 25% in 2004. A deduction for state death taxes will replace the credit in 2005. The repeal of the state death tax credit will shift much of the revenue costs of the estate tax changes to the states and could lead to increased inheritance taxes in states that rely on such taxes for revenue.

Family-Owned Business Deduction
The FOBD is repealed for 2004. Recapture rules continue to apply until either the recapture period expires or recapture tax is triggered.

Elimination of Geographic Limitations for 2031(c)
The limited estate tax exclusion for qualified conservation easements of $500,000 will no longer be subject to geographic limitations. However, this incentive to donate conservation easements on farm and ranch land may have limited applicability as exemption levels increase over the next several years and if the estate tax repeal is extended beyond 2010.

Repeal for 2010
Two major changes will accompany the estate tax repeal for 2010 – a system of modified carryover basis to tax capital gains on inherited property and a reduction of the highest gift tax rate to 35%. There is no change in the basis rules until the estate tax is repealed in 2010, but at that point property transferred at death will be treated the same as a lifetime gift in determining the basis in the property – it will receive the adjusted basis of the decedent/donor. In 2010, an estate may increase the basis of up to $1.3 million in assets. In addition, $3 million in assets transferred directly to a surviving spouse or to a qualified trust will also receive a "stepped-up" basis at death. These structural changes are intended to maintain a transfer tax system that captures revenue from transfers of appreciated assets – one way or another. Carryover basis will create record keeping challenges and may prove unpopular with taxpayers.

Uncertainty after 2010
No one is really sure what will happen to estate and transfer taxes after 2010 because of the sunset provision in the law. As Professor Roger A. McEowen at Kansas State University wrote in a recent issue of the *Agricultural Law Update,* "Certainly what has been accomplished has been the injection of tremendous uncertainty in estate planning for perhaps the next 10 years."

Regardless, estate planning remains a critical farmland conservation issue, because estate taxes (reduced or repealed) are only part of farm and ranch transfer equations. The issues of developing management capacity, transferring management and ownership of the agricultural operation, treating children fairly and ensuring financial security all remain critical components of comprehensive transfer and estate plans. As a result, good estate planning will continue to be essential for farmers and ranchers who want to keep their land in agriculture and pass it on to the next generation.

FARMLAND INFORMATION CENTER

FACT SHEET

AGRICULTURAL ECONOMIC DEVELOPMENT

DESCRIPTION

Farmers often say that the best way to protect farmland is to ensure that farming is profitable. Many farmland protection programs are designed to prevent development of productive land. Protecting the land base is an investment in the infrastructure of agriculture. Building and maintaining a strong agricultural economy is just as important to the viability of farms and ranches. An increasing number of states, communities, organizations and producers are promoting investment in agriculture through loan and grant programs, the development of high-value agricultural products and services, direct marketing of farm products and diversification.

HISTORY

For most of U.S. history, agriculture was the foundation of local economies. Food was produced, marketed and sold close to home. Farmers and ranchers reaped most of the profits from the sale of food and fiber products. With the emergence of national and global markets, supermarkets and changes in the structure of agriculture, the producers' share of food and fiber profits decreased substantially. Since the 1970s, state and local governments and nonprofit organizations have been helping farmers and ranchers develop new products, processing facilities, services and marketing strategies to increase farm profits.

FUNCTIONS & PURPOSES

State and local agricultural economic development programs provide technical assistance to farmers, ranchers and agricultural communities and facilitate access to capital for agricultural business development and expansion. They are designed to build and support local agricultural economies and to improve the economic health of individual farms and ranches. Some jurisdictions also use agriculture as a foundation to develop other industries, such as food processing and tourism. Programs use different strategies to achieve different objectives.

STRATEGIES

Planning for agricultural viability

Some local governments are incorporating agricultural business strategies into their traditional economic development plans. Four local governments in Maryland employ economic development specialists who advise farmers on new products, services, marketing strategies and management techniques to increase profitability. New York's county Agricultural and Farmland Protection Boards have the authority to receive state matching funds to develop and implement county agricultural and farmland protection plans. Many of these plans include the promotion of economic development initiatives for agriculture.

Business planning and capital investment

Preparing a business plan can allow farmers and ranchers to examine a range of strategies to increase profits. A new Massachusetts program gives farmers access to a team of agricultural, economic and environmental consultants. Team members assess farm operations and make recommendations to improve performance. Farmers may receive state grants for capital improvements based on their business plans. In return, the farmers agree to sign five- or ten-year covenants restricting development of their land. The plans and grants are designed to make farms more profitable; the covenants give the strategies time to work. Canada has a national program that provides incentives for farmers to develop business plans through cost-sharing and grants.

Purchase of agricultural conservation easement programs

Purchase of agricultural conservation easement programs compensate property owners for restricting the future use of their land. Selling an easement allows farmers and ranchers to cash in a percentage of the equity in their land, thus creating a financially competitive alternative to development. Producers often use PACE program

American Farmland Trust

TECHNICAL ASSISTANCE
Herrick Mill, One Short Street
Northampton, MA 01060
Tel: (413) 586-4593
Fax: (413) 586-9332
Web: www.farmlandinfo.org

NATIONAL OFFICE
1200 18th Street, NW, Suite 800
Washington, DC 20036
Tel: (202) 331-7300
Fax: (202) 659-8339
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September 1998

AGRICULTURAL ECONOMIC DEVELOPMENT

funds to buy and improve land, buildings and equipment, to retire debt and to increase the viability of their operations.

Loan programs and economic development incentives

Farmers need access to capital to purchase land and equipment and to invest in the development of new products, services, production technologies and marketing strategies. Yet commercial banks often are reluctant to lend money to farmers for agricultural enterprises. Public economic development programs are generally targeted to the industrial and service sectors and do not consider loans to agricultural businesses. State and local governments can facilitate agricultural economic development by treating farms as other businesses, making loan funds, tax incentives and technical assistance available to producers.

Twenty-four states offer public agricultural financing programs. Many of these programs are targeted to beginning farmers. Few, if any, have the capital to meet the demand for credit among farmers. One promising approach is a private initiative in Maryland that is experimenting with getting commercial banks to participate in an agricultural loan program through the commitment of Community Reinvestment Act funds.

Direct Marketing

Growers who market agricultural products directly to customers usually receive higher prices than farmers and ranchers who sell wholesale. Counties and towns can encourage the development of agricultural retail businesses by specifically permitting roadside stands, pick-your-own operations, nurseries and other agricultural uses in their zoning by-laws. Many communities also have developed and distributed maps showing the location of farmstands, pick-your-own operations and farmers' markets, and some have posted signs directing drivers to farm businesses.

Farmers' markets

Farmers' markets give growers access to a large base of customers. Most markets are open-air public spaces where farmers gather to sell home-grown products. Farmers may travel hundreds of miles to downtown markets in big cities. The markets are good for the city as well as the farmers, as they attract customers who patronize other downtown businesses.

Marketing to restaurants and food retailers

Much of the retail price of food pays for marketing and distribution. By selling directly to food retailers, farmers and ranchers can capture more profit. A growing number of natural and specialty food stores are expressing interest in selling local farm products. Several nonprofit organizations are working to establish links between growers and chefs. Encouraging restaurants to use local produce and meats and promote them on their menus may help build a retail customer base for both local farms and dining establishments. Contact with restaurants and food retailers also helps keep farmers informed about trends in the food industry.

Community supported agriculture

Community supported agriculture is a relatively new form of direct marketing. CSA farm customers pay for a share of the harvest at the beginning of the year and receive a weekly bundle of vegetables and fruits throughout the growing season. This system takes some of the risk out of farming and shifts the time that growers must spend on marketing to the beginning of the year. Some organizations are working to build CSA networks that would allow individual growers to offer a larger selection of farm products to their customers.

AGRICULTURAL ECONOMIC DEVELOPMENT

For additional information on farmland protection, the Farmland Information Center offers publications, an on-line library and technical assistance. To order AFT publications, call (800) 370-4879. The farmland information library is a searchable database of literature, abstracts, statutes, maps, legislative updates and other useful resources. It can be reached at http://www.farmlandinfo.org. For additional assistance on specific topics, call the technical assistance service at (413) 586-4593.

Diversification

Agricultural operations that specialize in commodities such as corn or milk are vulnerable to economic shocks caused by low prices or bad weather. State departments of agriculture, Extension agents and economic development agencies promote diversification to reduce risk and increase profits. Diversification can mean planting new crops or shifting to a different mix of crops and livestock, developing new products or services or targeting new markets.

New products and marketing strategies

State and local governments and agricultural organizations are helping growers create and market specialty products such as cheese, wine, preserves and sauces, potato chips and cereals. These products can be sold year-round - a big advantage in cold climates - and some can be marketed through the mail. Several states are investigating the feasibility of public commercial kitchens that could serve as incubators for farm-based food businesses. An organization in Virginia is developing a brand of local farm and seafood products, and an organization in Maine is experimenting with selling farm products on the internet.

Agritourism

Several state and local governments offer workshops for farmers who are interested in developing recreational businesses. Agricultural tourism is increasingly popular in farming communities near urban areas. Entrepreneurial growers are offering educational and recreational services such as school tours, hay and sleigh rides, crop mazes, petting zoos, restaurants, ranch vacations and bed-and-breakfast facilities. These services bring in new customers and promote farm products.

Grower Cooperatives

Growers who sell wholesale can increase their access to lucrative markets by forming cooperatives. High-volume retailers such as supermarkets that find it too difficult to buy from individual producers may welcome the opportunity to purchase locally-grown food from a well-organized cooperative. Cooperatives can also offer a diverse selection of products to retailers at a competitive price.

Reducing the costs of production

Most agricultural economic development strategies are designed to help producers increase revenues, but a few help them cut costs. A project in Vermont is training dairy farmers to implement pasture-based management. By switching from growing and storing feed crops to grazing, dairy farmers can cut costs and improve their quality of life. Other organizations promote the use of integrated pest management and organic farming, which reduce the cost of inputs and may increase the prices that growers can demand for their products. Purchasing cooperatives for seeds and other agricultural supplies also can reduce production costs.

8

American Farmland Trust

People and Organizations for Further Information on Farmland Conservation in New England and New York

National Organizations with a Regional Presence

Nonprofit Organizations

American Farmland Trust

National Office
1200 18th Street NW, Suite 800
Washington, DC 20036
Phone: (202) 331-7300
Web: www.farmland.org

Northeast Regional Office
6 Franklin Square, Suite E
Saratoga Springs, NY 12866
Phone: (518) 581-0078
Fax: (518) 582-0079

New England Field Office
One Short Street, Suite 2
Northampton, MA 01060
Phone: (413) 586-9330
Fax: (413) 586-9332

Farmland Information Center
Phone: (800) 370-4879
Web: www.farmlandinfo.org

Land Trust Alliance

National Office
1331 H Street NW, Suite 400
Washington, DC 20005
Phone: (202) 638-4725
Fax: (202) 638-4730
Web: www.lta.org

Northeast Program
PO Box 792
Saratoga Springs, NY 12866
Phone: (518) 587-0774
Fax: (518) 587-6467

New England Field Office
5 Strong Avenue
Northampton, MA 01060
Phone: (413)587-0300
Fax: (413) 587-0302

Lincoln Institute of Land Policy
113 Brattle Street
Cambridge, MA 02138
Phone: (617) 661-3016
Fax: (617) 661-7235
Web: www.lincolninst.edu

The Nature Conservancy

Worldwide Headquarters
4245 North Fairfax Drive, Suite 100
Arlington, VA 22203
Phone: (703) 841-5300
Web: www.tnc.org

Connecticut Chapter
55 High Street
Middletown, CT 06457
Phone: (860) 344-0716
Fax: (860) 344-1344
E-mail: ct@tnc.org

Maine Chapter
Fort Andross
14 Maine Street, Suite 401
Brunswick, ME 04011
Phone: (202) 729-5181
Fax: (207) 729-4118
E-mail: naturemaine@tncorg

Massachusetts Chapter
205 Portland Street, Suite 400
Boston, MA 02114
Phone: (617) 227-7017
Fax: (617) 227-7688
E-mail: mmail@tnc.org

New Hampshire Chapter
22 Bridge Street, 4th Floor
Concord, NH 03301
Phone: (603) 224-5853

New York Chapter
570 Seventh Avenue, Suite 601
New York,, NY 10018
Phone: (212) 997-1880
Fax: (212) 997-8451

The Nature Conservancy (continued)

Rhode Island Chapter
159 Waterman Street
Providence, RI 02906
Phone: (401) 331-7110
Fax: (401) 273-4902

Vermont Chapter
27 State Street
Montpelier, VT 05602
Phone: (802) 229-4425
Fax: (802) 229-1347

Sustainable Agriculture Research & Education Program

National Office
USDA-CSREES
Stop 2223
1400 Independence Avenue SW
Washington, DC 20250
Phone: (202) 720-5384
Fax: (202) 720-6071

Northeast Region
10 Hills Building
105 Carrigan Drive
University of Vermont
Burlington, VT 05405-0082
Phone: (802) 656-0471
Web: www.uvm.edu/nesare/

Sustainable Agriculture Network
Web: www.sare.org/san/

The Trust for Public Land

National Office
116 New Montgomery Street, 4th Floor
San Francisco, CA 94105
Phone: (415) 495-4014
Fax: (415) 495-4103
Web: www.tpl.org

New England Regional Office
33 Union Street, 4th Floor
Boston, MA 02108
Phone: (617) 367-6200

Connecticut Office
383 Orange Street
New Haven, CT 06511
Phone: (203) 777-7367
Fax: (203) 777-7488

Maine Office
377 Fore Street, 3rd Floor
Portland, ME 04101
Phone: (207) 772-7424
Fax: (207) 772-7420

Vermont Office
3 Shipman Place
Montpelier, VT 05602
Phone: (802) 223-1373
Fax: (802) 223-0451

FEDERAL AGENCIES

USDA Farm Services Agency (also see state pages)
Web: www.fsa.usda.gov

USDA Natural Resources Conservation Service (also see state pages)
Web: www.nrcs.usda.gov

USDA New England Agricultural Statistics Service
PO Box 1444
Concord, NH 03302
Phone: (603) 224-9639 X129
Web: nass.usda.gov/nh

USDA Rural Development Network
Web: www.rurdev.usda.gov

Southern New England (Connecticut, Massachusetts, Rhode Island)
451 West Street
Amherst, MA 01002
Phone: (413) 253-4319

Maine
967 Illinois Avenue, Suite 4
PO Box 405
Bangor, ME 04402
Phone: (207) 990-9168

New York
The Galleries of Syracuse
441 S. Salina Street, Suite 357
Syracuse, NY 13202
Phone: (315) 477-6426

Vermont & New Hampshire
89 Main Street, 3rd Floor, City Center
Montpelier, VT 05602
Phone: (802) 828-6010

REGIONAL ORGANIZATIONS

Connecticut River Watershed Council
15 Bank Row
Greenfield, MA 01301
Phone: (413) 772-2020
Web: www.ctriver.org

Conservation Law Foundation
Web: www.clf.org

Maine Advocacy Center
120 Tillson Avenue, Suite 202
Rockland, ME 04841
Phone: (207) 594-8107
Fax: (207) 596-7706

Massachusetts Advocacy Center
62 Summer Street
Boston, MA 02110
Phone: (617) 350-0990
Fax: (617) 350-4030

New Hampshire Advocacy Center
27 North Main Street
Concord, NH 03301
Phone: (603) 225-3060
Fax: (603) 225-3059

Rhode Island Advocacy Center
55 Dorrance Street
Providence, RI 02903
Phone: (401) 351-1102
Fax: (401) 351-1130

Vermont Advocacy Center
15 East State Street, Suite 4
Montpelier, VT 05602
Phone: (802) 223-5992
Fax: (802) 223-0060

New England Heritage Breeds Conservancy
PO Box 20
Richmond, MA 01254
Phone: (413) 443-8356
Web: www.nehbc.org

New England Livestock Alliance
Box 225
Hardwick, MA 01037
Phone: (413) 477-6200
Web: www.nelivestockalliance.org

New England Small Farm Institute
New England Land Link
Northeast Sustainable Agriculture Working Group
275 Jackson Street
Belchertown, MA 01007
Phone: (413) 323-4531
Web: www.smallfarm.org

FARM LENDING

Farm Credit of Maine, ACA
615 Minot Avenue
Auburn, ME 04211
Phone: (207) 784-0193
Fax: (207) 784-0195
Web: www.farmcreditmaine.com

Farm Credit of Western New York, ACA
3080 West Main Street
Batavia, NY 14020
Phone: (716) 762-8223
Fax: (716) 762-8227
Web: www.farmcreditwny.com

First Pioneer Farm Credit, ACA
174 South Road
Enfield, CT 06082
Phone: (800) 562-2235
(860) 741-4380
Web: www.firstpioneer.com

Yankee Farm Credit, ACA
2141 Essex Road, Suite 2
Williston, VT 05495
Phone: (802) 879-4700
Fax: (802) 878-0360
Web: www.yankeeaca.com

CONNECTICUT

NONPROFIT ORGANIZATIONS

Connecticut Agricultural Businesses Cluster
Paul Gagnon
45 Bunker Hill Road
Glastonbury, CT 06033
Phone: (860) 657-3029
E-mail: prgagnon@cox.net
gagnonp@ccsu.edu

Connecticut Farm Bureau
510 Pigeon Hill Road
Windsor, CT 06095
Phone: (860) 298-4400
Fax: (860) 298-4408
Web: www.fb.org

Connecticut Farmland Trust
509 Wethersfield Avenue
Hartford, CT 06114
Phone: (860) 296-9325
Fax: (860) 296-8326
Web: www.ctfarmland.org

Connecticut Land Trust Service Bureau
Land Conservation Coalition of Connecticut
High Street
Middletown, CT 06457
Phone: (860) 344-0716
Web: www.nature.org/Connecticut

Connecticut Northeast Organic Farming Association (NOFA)
PO Box 386
Northford, CT 06472
Phone: (203) 484-2445
Web: http://ct.nofa.org

Hartford Food System
509 Wethersfield Avenue
Hartford, CT 06114
Phone: (860) 296-9325
Fax: (860) 296-8326
Web: www.hartfordfood.org

Working Lands Alliance
509 Wethersfield Avenue
Hartford, CT 06114
Phone: (860) 296-9325
Fax: (860) 296-8326
Web: www.workinglandsalliance.org

UNIVERSITIES/EXTENSION

College of Agriculture and Natural Resources
1376 Storrs Road, Unit 4066
University of Connecticut
Storrs, CT 06269
Phone: (860) 486-2917
Web: www.canr.uconn.edu

Cooperative Extension System
1376 Storrs Road, Unit 4134
University of Connecticut
Storrs, CT 06269
Phone: (860) 486-0264
Web: www.canr.uconn.edu/ces

STATE AGENCIES

Connecticut Department of Agriculture
765 Asylum Avenue
Hartford, CT 06105
PDR program manager: Joseph (Jay) Dippel
Phone: (860) 713-2511
Web: www.state.ct.us/doag/

Connecticut Department of Environmental Protection
79 Elm Street
Hartford, CT 06106
Open Space Grants program coordinator:
David Stygar
Phone: (860) 424-3016
Web: www.dep.state.ct.us

FEDERAL AGENCIES

USDA Farm Service Agency
344 Merrow Road, Suite B
Tolland, CT 06084
Phone: (860) 871-2944
Fax: (860) 871-4184
Web: www.fsa.usda.gov

USDA Natural Resources Conservation Service
344 Merrow Road, Suite A
Tolland, CT 06084
FPP program manager: Kip Kolesinskas
Phone: (860) 871-4047
Fax: (860) 871-4054
Web: www.nrcs.usda.gov

Maine

Nonprofit Organizations

GrowSmart Maine
50 Forest Falls Drive
Yarmouth, ME 04096
Phone: (207) 847-9275
Web: growsmartmaine.org

Maine Association of Soil and Water Conservation Districts
PO Box 152
Hallowell, ME 04037
Phone: (207) 622-4443
E-mail: feedalliance@gwi.net

Maine Farm Bureau Association
RR 5 Box 1254
4 Gabriel Drive
Augusta, ME 04330
Phone: (207) 622-4111
Web: www.fb.org/mefb

Maine Farmland Trust
PO Box 1597
Bucksport, ME 04416
Phone: (207) 469-6465
E-mail: mft@midmaine.com

Maine FarmLink
PO Box 170
Unity, ME 04988
Phone: (207) 568-4160
E-mail: smok@mofga.org

Maine Land Trust Network
c/o Maine Coast Heritage Trust
Bowdoin Mill, One Main Street
Topsham, ME 04086
Phone: (207) 729-7366
Web: mltn.org

Maine Organic Farmers & Gardeners Association
PO Box 170
Unity, ME 04988
Phone: (207) 568-4142
Web: www.mofga.org

Agricultural Council of Maine (AGCOM)
PO Box 364
Orono, ME 04473-0364
Phone: (207) 581-3108
E-mail: Andrew.Files@umit.maine.edu

Universities/Extension

University of Maine Cooperative Extension
5741 Libby Hall
Orono, ME 04469
Phone: (207) 581-3185
Web: www.umext.maine.edu

Maine Agricultural Center
Maine Sustainable Agriculture Society
5782 Winslow Hall
University of Maine
Orono, ME 04469
Phone: (207) 581-3204 (MAC)
Web: www.mac.umaine.edu
Phone: (207) 581-3135 (MESAS)
Web: www.mesas.org

University of Maine – Orono
College of Natural Sciences, Forestry & Agriculture
105 Winslow Hall
Orono, ME 04469-0105
Phone: (207) 581-3202

State Agencies

Land For Maine's Future - State Planning Office
38 State House Station
Augusta, ME 04333
Phone: (207) 287-3261
Web: www.state.me.us/spo/lmf

Maine Department of Agriculture, Food & Natural Resources
28 State House Station
Augusta, ME 04333
Farmland Protection Coordinator: Stephanie Gilbert
Phone: (207) 287-3871
Web: www.state.me.us/agriculture

Federal Agencies

USDA Farm Service Agency
967 Illinois Avenue
Bangor, ME 04401
Phone: (207) 990-9100
Web: www.fsa.usda.gov

USDA Natural Resources Conservation Service
967 Illinois Avenue, Suite 3
Bangor, ME 04402
FPP program manager: Bill Yamartino
Phone: (207) 990-9100, x3
Web: www.me.nrcs.usda.gov

MASSACHUSETTS
NONPROFIT ORGANIZATIONS

Berkshire Grown
PO Box 983
Great Barrington, MA 01230
Phone: (413) 528-0041
Fax: (413) 528-6241
Web: www.berkshiregrown.org

Community Involved in Sustaining Agriculture
893 West Street
Amherst, MA 01002
Phone: (413) 559-5338
Fax: (413) 559-5404
FarmNet: (800) 327-6002
Web: www.buylocalfood.com

Community Preservation Coalition
33 Union Street, 2nd Floor
Boston, MA 02108
Phone: (617) 367-8998
Web: www.communitypreservation.com

Massachusetts Association of Conservation Commissions
10 Juniper Road
Belmont, MA 02178
Phone: (617) 489-3930
Web: www.maccweb.org

Massachusetts Land Trust Coalition
2 Clock Tower Place
Maynard, MA 01754
Phone: (978) 897-0739
Fax: (978) 461-0322
Web: MassLand.org

Massachusetts Farm Bureau
466 Chestnut Street
Ashland, MA 01721
Phone: (508) 881-4766
Web: www.massfarmbureau.com

Northeast Organic Farming Association of Massachusetts (NOFA)
411 Sheldon Road
Barre, MA 01005
Phone: (978) 355-2853
Fax: (978) 355-4046
Web: www.ma.nofaic.org

Southeast Massachusetts Agricultural Partnership (SEMAP)
15 Cranberry Highway
West Wareham, MA 02576
Coordinator: Irene Winkler
Phone: (508) 295-1317 x130
Web: www.temp.umassed.edu/semap

UNIVERSITIES/EXTENSION

Tufts University School of Nutrition Agriculture, Food and Environment Program
150 Harrison Avenue
Boston, MA 02111
Phone: (413) 545-4800
Web: www.nutrition.tufts.edu

University of Massachusetts Extension
Draper Hall
40 Campus Center Way
Amherst, MA 01003
Phone: (413) 545-4800
Web: www.umass.edu/umext

STATE AGENCIES

Massachusetts Department of Food and Agriculture
251 Causeway Street, Suite 500
Boston, MA 02114
APR program manager: Rich Hubbard
Phone: (617) 626-1704
Web: www.state.ma.us/dfa

FEDERAL AGENCIES

USDA Farm Service Agency
445 West Street
Amherst, MA 01002
Phone: (413) 253-4500
Fax: (413) 253-4540
Web: www.fsa.usda.gov/ma

USDA Natural Resources Conservation Service
451 West Street
Amherst, MA 01002
FPP program manager: Rick DeVergilio
Phone: (413) 253-4350
Fax: (413) 253-4375
Web: www.ma.nrcs.usda.gov

New Hampshire

Nonprofit Organizations

Center for Land Conservation Assistance
54 Portsmouth Street
Concord, NH 03301
Phone: (603) 224-9945
Web: www.clf.org

Citizens for New Hampshire Land & Community Heritage
PO Box 1566
Concord, NH 03302
Phone: (603) 230-9729
Web: www.specialplaces.org

Northeast Organic Farming Association (NOFA) of New Hampshire
4 Park Street, Suite 208
Concord, NH 03301
Phone: (603) 224-5022
Web: www.nofa.org

New Hampshire Association of Conservation Commissions
54 Portsmouth Street
Concord, NH 03301
Phone: (603) 224-7867
Web: nhacc.org

New Hampshire Coalition for Sustaining Agriculture
c/o Nada Haddad
UNH Cooperative Extension
113 North Road
Brentwood, NH 03833
Phone: (603) 679-5616
E-mail: nada.haddad@unh.edu

New Hampshire Farm Bureau
295 Sheep Davis Road
Concord, NH 03301
Phone: (603) 224-1934
Web: nhfarmbureau.org

Upper Valley Land Trust
19 Buck Road
Hanover, NH 03755
Phone: (603) 643-6626
Web: www.uvlt.org

Universities/Extension

University of New Hampshire Cooperative Extension
59 College Road, Taylor Hall
University of New Hampshire
Durham, NH 03824
Phone: (603) 862-1520
Web: www.ceinfo.unh.edu

State Agencies

New Hampshire Department of Agriculture, Markets & Food
PO Box 2042
Concord, NH 03302
Phone: (603) 271-3551
Web: www.state.nh.us

New Hampshire Land and Community Heritage Investment Program (LCHIP)
10 Dixon Avenue
Concord, NH 03301
Phone: (603) 224-4113
Web: www.lchip.org

New Hampshire Office of State Planning
2 ½ Beacon Street
Concord, NH 03301
Phone: (603) 271-2155
Web: www.osp.state.nh.us

Federal Agencies

USDA Farm Service Agency
22 Bridge Street, 4th Floor
Concord, NH 03301
Phone: (603) 224-7941
Web: www.fsa.usda.gov

USDA Natural Resources Conservation Service
Federal Building, 2 Madbury Road
Durham, NH 03824
FPP program manager: Steve Hundley
Phone: (603) 868-7581
Web: www.nh.nrcs.usda.gov

<u>NEW YORK</u>

NONPROFIT ORGANIZATIONS

New York Farm Bureau
Route 9W, PO Box 992
Glenmont, NY 12207
Phone: (518) 436-8495
Fax: (518) 431-5975
Web: www.fb.org

New York Planning Federation
279 River Street, Suite 302
Troy, NY 12180
Phone: (518) 270-9855
Fax: (518) 270-9857
Web: www.nypf.org

UNIVERSITIES/EXTENSIONS

Cornell Cooperative Extension
Box 8, Kennedy Hall
Cornell University
Ithaca, NY 14853
Phone: (607) 255-2237
Web: www.cornell.edu

STATE AGENCIES

New York State
Department of Agriculture & Markets
1 Winners Circle
Albany, NY 12235
Phone: (518) 457-2713
Fax: (518) 457-2716
Web: www.agmkt.state.ny.us

New York State
Department of Environmental Conservation
Office of Natural Resources
625 Broadway
Albany, NY 12233
Phone: (518) 402-8560
Web: www.dec.state.ny.us

New York State
Department of Taxation and Finance
Taxpayer Assistance Bureau
W.A. Harriman Campus
Albany, NY 12227
Phone: (800) 255-5829
Web: www.tax.state.ny.us

New York State
Soil and Water Conservation Committee
1 Winners Circle
Albany, NY 12235
Phone: (518) 457-3738
Web: www.agmkt.state.ny.us/soilwater/home.html

FEDERAL AGENCIES

USDA Farm Service Agency
441 South Salina Street, 5th Floor, Suite 356
Syracuse, NY 13202
Phone: (315) 477-6300
Web: www.fsa.usda.gov

USDA Natural Resources Conservation Service
441 South Salina Street, 5th Floor, Suite 356
Syracuse, NY 13202
Phone: (315) 477-6504
Web: www.nrcs.usda.gov

<u>RHODE ISLAND</u>

NONPROFIT ORGANIZATIONS

Little Compton Agricultural Conservancy Trust
PO Box 226
Little Compton, RI 02837
Phone: (401) 849-3040

Northeast Organic Farming Association (NOFA) of Rhode Island
109 Somerset Street
Providence, RI 02907
Phone: (401) 274-4547
Web: www.fb.org/rifb

Rhode Island Farm Bureau
2227 Plainfield Pike Rear
Johnston, RI 02919
Phone: (401) 647-3570
Web: www.fb.org/rifb

UNIVERSITIES/EXTENSION

Rhode Island Center for Commercial Agriculture
URI CE Center
East Alumni Avenue
Kingston, RI 02881
Phone: (401) 874-7142
Web: www.rifarmer.org

College of the Environment and Life Sciences
9 East Alumni Avenue
University of Rhode Island
Kingston, RI 02881
Phone: (401) 874-2957
Web: www.uri.edu/cels

STATE AGENCIES

Division of Agriculture
Rhode Island Department of Environmental Management
235 Promenade Street
Providence, RI 02908
Phone: (401) 222-2781
Web: www.state.ri.us

Division of Planning and Development
Rhode Island Department of Environmental Management
235 Promenade Street
Providence, RI 02908
Phone: (401) 222-6825
Web: www.state.ri.us

FEDERAL AGENCIES

USDA Farm Service Agency
60 Quaker Lane, Suite 40
Warwick, RI 02886
Phone: (401) 828-8232
Web: www.fsa.usda.gov

USDA Natural Resources Conservation Service
60 Quaker Lane, Suite 46
Warwick, RI 02886
FPP program acting manager: Michael Spencer
Phone: (401) 828-1300
Web: www.ri.nrcs.usda.gov

VERMONT

NONPROFIT ORGANIZATIONS

Northeast Organic Farming Association (NOFA) of Vermont
PO Box 697
Richmond, VT 05477
Phone: (802) 434-4122
Web: www.nofavt.org

Vermont Association of Conservation Districts
PO Box 196, 212 Main Street
Poultney, VT 05764
Phone: (802) 287-4284
Web: www.vacd.org

Vermont Farm Bureau
2083 East Main Street
Richmond, VT 05477
Phone: (802) 434-5646
Fax: (802) 434-6309
Web: www.vtfb.org

Vermont Forum on Sprawl
110 Main Street
Burlington, VT 05401
Phone: (802) 864-6310
Web: www.vtsprawl.org

Vermont Fresh Network
116 State Street
Montpelier, VT 05602
Phone: (802) 229-4706
Web: www.vermontfresh.net

Vermont Land Trust
8 Bailey Avenue
Montpelier, VT 05602
Phone: (802) 223-5234
Web: www.vlt.org

UNIVERSITIES/EXTENSION

UVM Center for Sustainable Agriculture
Land Link Vermont
63 Carrigan Drive
Burlington, VT 05405
Phone: (802) 656-5459
Web: www.uvm.edu//landlinkvt

University of Vermont Extension
601 Main Street
Burlington, VT 05401
Phone: (802) 656-2990
Web: www.uvm.edu/extension

STATE AGENCIES

Vermont Department of Agriculture, Food & Markets
116 State Street, Drawer 20
Montpelier, VT 05602
Agricultural land use planner: Sylvia Jensen
Phone: (802) 828-2500
Web: www.state.vt.us/agric

Vermont Environmental Board
National Life Records Center Building
Drawer 20
Montpelier, VT 05602
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Web: www.fsa.usda.gov

USDA Natural Resources Conservation Service
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FPP program manager: Kip Potter
Phone: (802) 951-6795
Web: www.vt.nrcs.usda.gov

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SUGGESTED READING

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Ferguson, Kirsten and Jeremiah Cosgrove. *From the Field: What Vermont Farmers Have to Say about Vermont's Farmland Conservation Program.* Saratoga Springs, N.Y.: American Farmland Trust, 2000.

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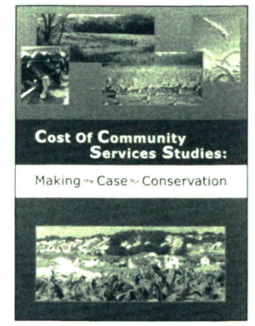

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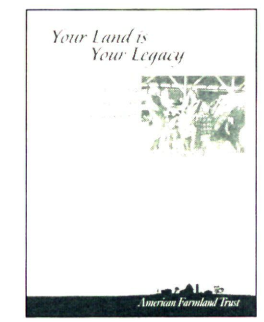

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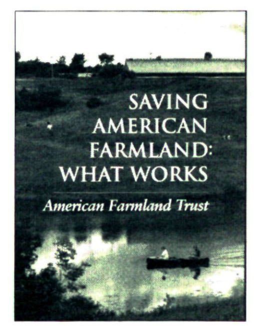

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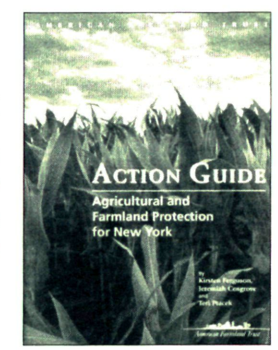

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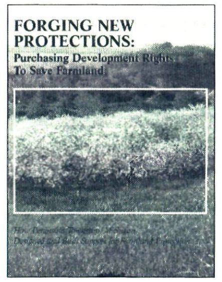

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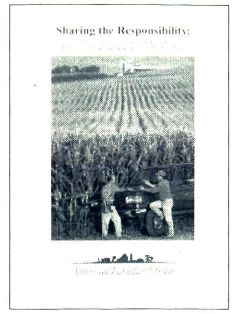

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FIC Fact Sheets

- Agricultural Conservation Easements (November 2001)
- Agricultural District Programs (December 2001)
- Agricultural Economic Development (September 1998)
- Agricultural Protection Zoning (September 1998)
- Cost of Community Services Studies (November 2002)
- Differential Assessment and Circuit Breaker Tax Programs (September 1998)
- Farmland Information Center (November 1999)
- Farmland Protection Program (September 1998)
- Farmland Protection Policy Act (September 1998)
- Farmland Protection Toolbox (August 2002)
- Farm Transfer and Estate Planning (November 2001)
- Glossary (September 1998)
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- Purchase of Agricultural Conservation Easements: Sources of Funding (January 1999)
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- Right-to-Farm Laws (September 1998)
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