

# Preservation *for* Generations

BY BARB BAYLOR ANDERSON



**L**and used to pass simply from one generation to the next through the last will and testament of its owners. While that's still often the case, the struggling agricultural economy and complex tax laws have drawn many producers to accept lucrative real-estate offers instead. Such outright urban-sprawl sales pay much more than farmland sales.

But for those producers who want to keep their property in agriculture, a little research into public and private programs may provide tax savings, income and a way to leave the farm to the next generation.

Lawrason Sayre, Waffle Hill Farm, Churchville, Md., has found such a program. The long-time Angus breeder's operation sits within commuting distance of Baltimore, in an area highly sought by city dwellers looking for open space. But rather than sell out to suburbia, Sayre got involved in a Harford County program that allowed him to lock his farm into agriculture forever. He has a deed restriction that goes with his property when or if it is sold that will keep the property permanently from development.

"This program is part of our estate-planning process. I believe in preservation of agricultural ground, and this conserves the ag base in the county," he says, adding that his children, Lawrie, Nancy Ann, Sally and Ned, all want to continue to farm. "This was a good decision for us, but you need your children's support. The main thing is to fully understand the commitment."

## ■ Organized assistance

Sayre is fortunate to live where both county and state have organized land-preservation efforts. Harford County, with 27,500 acres in preservation, has one of the highest amounts of acreage in preservation in the state and the nation. "The county buys development rights based on a formula involving development potential, conservation practices, soil types, farm size and other factors," he says. "There is a lot of interest in the program."

Producers in other areas may not be so lucky as to tap into organized public land preservation efforts. But several private organizations, such as the American

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**With their operation within commuting distance of Baltimore, Md., Lawrason and Jane Sayre locked their farm into agriculture forever with a deed restriction.**

RICK MOONEY PHOTOS



**Using a deed restriction to keep the property permanently from development was a good decision for the Sayres, says Lawrason, adding, "You need your children's support." Sayre's children, Lawrie, Nancy Ann, Sally and Ned (shown) all want to continue to farm.**

Farmland Trust (AFT), offer programs.

"Land-trust options complement more traditional land-preservation tools like zoning," says Ralph Grossi, AFT president and managing partner of Marindale Ranch. "But zoning is regulatory and places all of the cost on landowners. Land-trust programs transfer some of the cost burden away from landowners, compensating producers for the right not to subdivide and providing a healthy infusion of liquidity to agriculture."

Grossi became involved with the nonprofit AFT when it was founded in 1980. As president of the local Farm Bureau, he had helped create a local land trust that led to a volunteer position on the AFT board. In 1985 Grossi took the helm at AFT, moved his family to Maryland and traded in 300 Holstein cows for Angus.

"I've always felt strongly that we need to protect the best agricultural land out there for food security and open space and to support local economies and stabilize our land base," he says. "The AFT finds creative mechanisms to be able to do this, which helps share the cost of these mechanisms among everyone."

#### ■ Looking at options

AFT's land-protection program manager, Tim Storrow, works with individual landowners to devise strategies for conservation, estate planning and intergenerational transfers.

"Many farmers are land rich and cash poor, so selling land outright that is worth a lot is tempting," he says. "The problem is that when you die, your heirs can get hit with big estate-tax bills. Often the estate has to be sold to pay the tax bill, and a developer usually buys it. Then no one in agriculture wins."

Land trusts can aid estate planning, explains Storrow, because only farm value can be taxed in such a program, not development value. Similarly, AFT offers the Farm Legacy Program as an alternative for producers who don't want to own their land anymore but want the land to stay in agriculture. Farms are deeded to AFT. Once sold to another producer at a reasonable price, AFT pays back the original landowner over time.

AFT also works with ranchers in setting up conservation easements to restrict development of their land. Storrow says



BECKY MILLS PHOTO

**"We, as ranchers, need to take time to work for our own benefit," says Tennessee Angus producer Joe Elliot. "Urban people want neighbors and open space, but we have to inform them you can't just go from Wal-Mart to wilderness."**

easements allow ranchers to continue their operation with no development, from mining to subdivisions, allowed. "Federal tax law treats easements as charitable-income deductions because easements are perceived to have value," he says.

Such advantages were behind Elmer Hansen's decision to sell a conservation easement on his Fresno, Calif., cattle ranch. Using money from the California Agricultural Land Stewardship Program, AFT and the San Joaquin River Parkway and Conservation Trust bought a 93-acre easement on the ranch to protect land along the parkway from development and to enable the family to keep their farm in production by creating greater flexibility in estate planning.

#### ■ Consider your choices

"These decisions are permanent, and making them can be time-consuming and take a lot of energy and persistence," cautions Storrow, adding that producers should meet with local land-trust representatives, attorneys, accountants and others.

"You have to consider all of the options, get good counsel and keep your eyes wide open," adds Grossi. "If you are starting a new program, model after already-successful communities."

Sayre agrees, noting that in his area, there are several different land-trust programs to evaluate. For example, "In the Harford County Agricultural Land Preservation Program, all county property taxes are



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abated when you sell your development rights," he says. "These are long-range decisions, and you have to weigh compensation vs. other pressures. Talk to your tax advisor and look into different methods of payment."

Sayre has other observations he encourages producers to consider when thinking about land preservation. "One of the downfalls I see is that as agricultural production gets tighter and we lose farmland, we will also lose our supporting services and dealers," he says. "Our county now has a program to try and preserve those segments of the ag industry, too. This is very important if you are going to be locked into ag forever."

Sayre also suggests learning about local right-to-farm laws. "Urban neighbors move to the country for the atmosphere, but they aren't used to activities like moving machinery and spreading manure. You need two-way communication to make it work."

Adams, Tenn., Angus producer Joe Elliott agrees. "We, as ranchers, need to take time to work for our own benefit," he says. "Urban people want neighbors and open space, but we have to inform them you can't just go from Wal-Mart to wilderness."

"This is not a cure-all, and it doesn't fit

## Farmland Protection Glossary

Laws and programs for farmland protection vary from township to township and from state to state. But several techniques common among regions include agricultural protection zoning, right-to-farm ordinances, purchase of agricultural conservation easements, property-tax relief and transfer of development rights. Here are brief descriptions of some of the tools you may encounter as you explore farmland protection options.

**Ag district laws** allow farmers to form special areas where commercial agriculture is encouraged and protected. Programs are typically authorized by state legislatures and implemented locally. Benefits to keep land in agriculture vary by area.

**Conservation easement laws** can be found in every state and can be written to protect farmland, other natural resources and historic sites while retaining land in private ownership.

**Executive orders** in place in at least 10 states declare the importance of agriculture to each state's economy, environment and culture. Such orders may encourage state agencies to minimize their influence on important farmland.

**Growth management laws** control the timing and phasing of urban growth, as well as determine the types of land use that will be permitted at local and regional levels.

**Purchase of agricultural conservation easement (PACE) programs** pay farmers to place a deed restriction on their land to protect it from development. Landowners sell easements to government agencies or private conservation groups for the difference between the value of the land for agriculture and the value of the land for development. PACE can facilitate farm transfers to children and make land more affordable for beginning farmers.

**State right-to-farm laws** protect from nuisance lawsuits.

**Circuit breaker tax-relief credits** are tax credits offered in some areas to offset farmers' property-tax bills.

**Differential assessment laws** direct local governments to assess agricultural land at its value for agriculture rather than at its full market value. Such laws keep farm property taxes in line with actual local government costs to provide services to that land.

AFT's Center for Agriculture and the Environment, located at Northern Illinois University in Dekalb, Ill., performs quantitative farmland research. Services include an online information library with a catalog of farmland laws by state. The library can be accessed at [www.farmland.org](http://www.farmland.org).

every situation," concludes Storrow. "Producers must have a long-term view of agriculture for these programs to work. If you want to keep your property for the next generation, this may be a viable option."



**Editor's Note:** The American Farmland Trust (AFT) has nine offices and more than 40,000 members and donors nationwide. More information can be obtained from AFT's Web site, [www.farmland.org](http://www.farmland.org), or by calling 1-800-431-1499.