

Agricultural Easements – A Tool For Farmers and Ranchers
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Interest by farmers in the use of agricultural easements has gradually increased over the years. Ag easements are an estate planning tool where farmers and ranchers can preserve the family farm for future generations. Land owners who place an ag easement on a parcel can still sell it, will it to children or grandchildren, change the type of farming and encumber it as collateral. They just cannot convert it to a non-agricultural use. Ag easements are somewhat similar to conservation easements which are created to protect wildlife habitat or open space. With ag easements, there usually is no reference to wildlife, wetlands or open space. The focus is on keeping the land in production agriculture. The farm or ranch continues to be managed as before the easement was placed on it.

The easement is sold, donated or sold at a reduced price, to a qualified organization for safekeeping and monitoring such as the Central Valley Farmland Trust, an independent organization, or the California Rangeland Trust which is affiliated with the CA Cattlemen's Association. Farmers and ranchers need to talk to their family, and legal advisor before committing because easements are considered permanent and non-revocable.

Farmers and ranchers who sell an ag easement often use the money to retire long-term loans enabling their heirs can inherit the farm debt-free. They may choose to use the proceeds to buy more land or to make a permanent improvement to the land, such as leveling. When an ag easement is placed on property it usually generates some property tax and estate tax advantages by freezing the value. By donating the easement or by selling it at a reduced price the owners usually can realize income tax deductions. The tax benefits of creating easements vary considerably so land owners need to talk to an accountant about their situation.

Easements usually will not reduce the value of land when it sold as farmland for farming purposes. Two Merced County properties with ag easements were sold last year. They sold quickly and the sellers were happy with the sales price. Property with easements will not have any additional value for development purposes because it cannot be split up or converted to a non-ag use.

Ag easements are usually funded by a private organization, the CA department of conservation or the USDA. Interested farmers and ranchers can make an application through one of the above organizations and they will evaluate if it fits within their goals and objectives. If so, they will write up a grant application to submit to a private foundation or government agency for funding. Land owners can greatly increase their chances of getting a project funded by getting together with some nearby farmers and submitting a combined application.

In many parts of the state developers are increasingly being asked to mitigate the loss of prime farmland by preserving high quality farmland elsewhere in the county. If this is the case the developer, the city or the county may purchase the easement. They may turn the easement over to a qualified organization for safekeeping and monitoring.

Ag easements are entirely voluntary and be considered the ultimate exercise of private property rights. It is a way that farmers can preserve a family legacy even if is eventually sold outside the family. It is a permanent decision that should be made after much deliberation with family members.

The Central Valley Farmland Trust has been established to assist those farmers who think a agricultural easement fits into their long term or estate plans. The CVFT is also providing assistance to those cities and developers who want to start a program for mitigation of farmland losses. CVFT programs are entirely voluntary and the CVFT is a qualified non-profit organization. The CVFT tries to avoid being an advocate for or against individual development projects. They exist to provide an alternative for those farmers or cities that are interested.