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generations.*




NORTHERN CALIFORNIA
REGIONAL LAND TRUST

AGRICULTURAL LAND PROTECTION

167 EAST THIRD AVENUE
CHICO, CA 95926
(530) 894-7738
WWW.LANDCONSERVATION.ORG



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Agricultural conservation easements help protect farming and ranching as a way of life for you and your children, as well as those who love the land and depend on it for their livelihood. It's an effective and practical planning tool that benefits the farm or ranch, as well as the pocketbook.

WHAT ARE AGRICULTURAL CONSERVATION EASEMENTS?

- A legal agreement between a landowner and a land trust or public agency that permanently protects a property's agricultural values by limiting future development while allowing for continued farming or ranching.
- The landowner continues to own the property.
- The easement holder is responsible for insuring that continuing land uses are consistent with the terms of the easement.
- Easements are flexible in nature and are tailor made to the specific property and needs of the landowner.
- Easements "run with the land," meaning they remain in place even after the property changes ownership.
- An easement can be sold or its value donated sometimes for substantial tax benefits.

Every property comes with a "bundle of rights" such as the right to harvest timber and minerals, use and divert water, till the earth, raise livestock or subdivide and develop. When a landowner places an agricultural conservation easement on his or her property, they are only giving up the right to subdivide and develop the area covered by the easement and are receiving financial compensation to do so.

ECONOMIC BENEFITS OF AN EASEMENT

The benefits of agricultural conservation easements

Selling an agricultural conservation easement can provide significant economic benefits to landowners:

- Pass land intact to your heirs.
- Reduce estate taxes by excluding the easement value from the taxable value of the estate.
- Reduce property taxes by reducing the value of the property.
- Receive income tax benefits by donating all or part of the easement value.
- Provide new capital for farming or ranching operations.

How an easement payment can be used

The landowner is free to use the easement payment as they wish:

- Build a new barn or other infrastructure.
- Repay a loan.
- Start a retirement fund.
- Purchase additional property.
- Provide a financial reserve for bad years in the future.

Property is more than real estate for many landowners. It is a part of the family heritage, a legacy, to be passed on to future generations.



Nearly 100,000 acres of California farmland are permanently converted to non-farming uses each year.

EASEMENT TESTIMONIAL

RICHARD THIERIOT AND THE LLANO SECO RANCHO

In the scenic Sacramento River Valley in Northern California's Butte County, agriculture is a mainstay of the economy. The Sacramento River and the surrounding fields and riparian forests support thousands of species including hundreds of thousands of migrating waterfowl in the wintertime. Richard Thieriot would like things to stay that way. So in June 2006, the owner of the 4,235-acre Llano Seco Rancho sold an agricultural conservation easement to the Northern California Regional Land Trust (NCRLT) that protects both agriculture and natural resources. This easement provides for 1,870-acres of agricultural production, 1,715-acres of cattle grazing and protects 736 acres of pristine riparian habitat.

The easement was drafted to allow Mr. Thieriot to continue his way of life and good stewardship practices. The easement incorporates the majority of the property in the agricultural area that allows Mr. Thieriot to continue farming and ranching with minimal restrictions.

Building envelopes were identified where employee housing, barns, agricultural processing and storage facilities were located and were given minimal restrictions to allow for flexibility in the use of these areas for agricultural purposes.

In addition to conserving Llano Seco Rancho forever, Mr. Thieriot was able to use easement proceeds as he wished.

The easement is held and monitored annually by NCRLT to insure that the terms of the easement are met. Funding for the purchase of the easement on Llano Seco was provided by the California Wildlife Conservation Board, the California Department of Conservation and the California Department of Fish and Game.

The greater Llano Seco Rancho, located south of Ord Ferry Road and east of the Sacramento River in southern Butte County, is one of the last remaining intact Mexican Land Grant ranches in California totaling 18,434 acres. With approximately three quarters of Llano Seco Rancho already protected, placement of this easement ensures that virtually all of the greater Llano Seco Rancho's 18,434 acres are protected from development and preserved as a working landscape.



Of the 2.13 million farms in the U.S., 30% may pass to a second generation, but less than 10% will pass to a third.

*Right: Portion of the Llano Seco Rancho agricultural conservation easement.
Background: Eddy Lake on the Llano Seco Rancho. Photos by Bob Langan.*



HOW TO CALCULATE YOUR EASEMENT

A simple equation

(# of acres) x (value per acre without easement) = *before easement value*

(# of acres) x (value per acre with easement) = *after easement value*

(Before easement value) – (after easement value) = easement payment to landowner

For example, Ed Johnson owns prime farmland worth \$1,000,000. With an agricultural conservation easement on the property it is worth \$600,000. The value of the easement is \$400,000.

Easement payment to landowner = \$400,000



Agricultural conservation easements are funded by public agencies such as the California Farmland Conservancy Program and the Natural Resources Conservation Service, as well as private foundations and philanthropic organizations.

HOW TO GET STARTED

Applying is easy

- Determine if agriculture is in your future plans
- Talk to your financial and legal advisors
- Fill out and submit a Land Project Application to NCRLT
- Meet with the NCRLT staff and begin discussing your project

Questions? Contact Us!

Northern California Regional Land Trust
167 East 3rd Avenue, Chico, CA 95926
Phone: (530) 894-7738
Email: jwatts@landconservation.org

The work upon which this publication is based was funded in whole or in part through a grant awarded by the Department of Conservation's California Farmland Conservancy Program.

If you are interested in an agricultural conservation easement and would like more information please call us at (530) 894-7738.

