

PROTECTING YOUR LAND FOR FUTURE GENERATIONS

*P*rotecting the land and a way of life.  
An agricultural conservation easement helps protect farming as a way of life for you, your children, and for all those who love the land and depend on its bounty. It's a sensible farm planning tool that is as good for the pocketbook as it is for the heart.

MIDDLE MOUNTAIN



F O U N D A T I O N

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P.O. Box 3359  
Yuba City, California 95992

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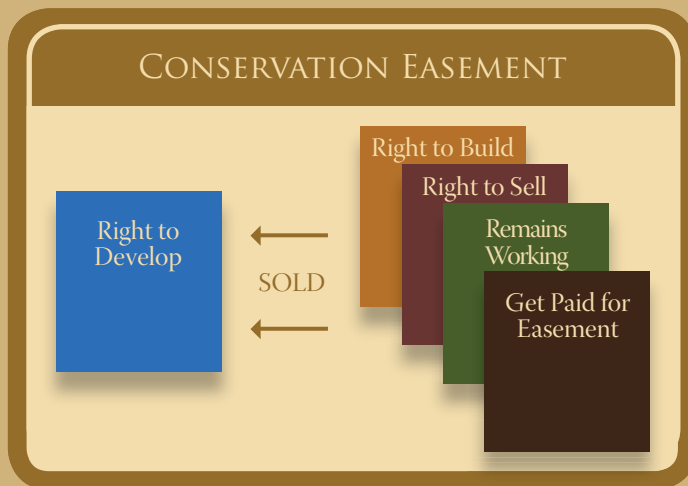
MIDDLE MOUNTAIN FOUNDATION  
AGRICULTURAL CONSERVATION EASEMENTS



# AGRICULTURAL CONSERVATION EASEMENTS

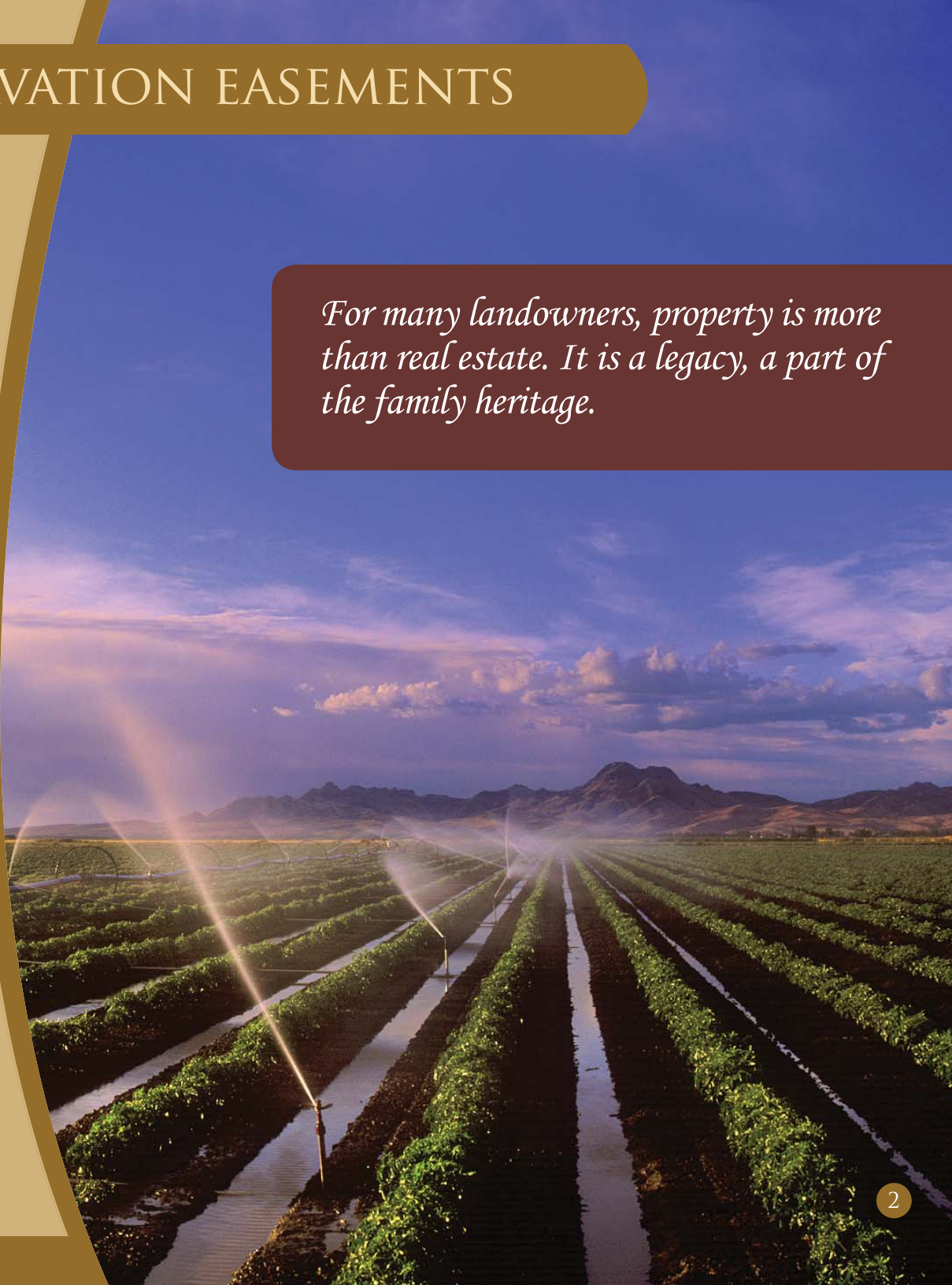
## WHAT IS AN EASEMENT?

- A voluntary legal agreement a landowner makes with a nonprofit land trust or government agency that permanently restricts the type and amount of future development while continuing to use the land for farming or ranching.
- The Landowner continues to own the property
- The nonprofit land trust or government agency that purchases the easement is responsible for insuring that continuing land uses are consistent with the easement terms.
- The easement “runs with the land” and remains in place even after the land is sold.
- The easement is a flexible document that can be tailored to the specific property and needs of the landowner.
- An easement can be purchased or donated.



Every property comes with numerous rights such as the right to harvest timber, subdivide, build a home or to farm, to name a few. When a landowner places an agricultural conservation easement on his or her property, most of the development rights are transferred to the easement holder but the landowner retains the right to farm or ranch.

*For many landowners, property is more than real estate. It is a legacy, a part of the family heritage.*



# ECONOMIC BENEFITS OF AN EASEMENT



*Protect your land forever with an agricultural conservation easement.*

## THE BENEFITS OF CONSERVATION EASEMENTS

The sale of a conservation easement can provide numerous benefits to landowners. There can be significant economic benefits to selling an easement. Landowners are encouraged to consult with their own tax consultants about the specifics of tax benefits applicable to their situation.

- Can help a landowner pass land intact to the next generation.
- 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.
- If all or part of the easement value is donated, the landowner receives income tax benefits that were greatly improved under the Pension Protection Act of 2006 ([www.lta.org](http://www.lta.org)).
- Provide an infusion of cash for farming or ranching operations.

## HOW AN EASEMENT PAYMENT CAN BE USED

The landowner is free to use the easement payment as he or she wishes such as:

- Build a new barn.
- Purchase additional land
- Loan repayment
- Start a retirement fund.
- Provide a financial reserve for bad years.

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In addition to the benefits described above, if all or part of the easement value is donated, the landowner receives income tax benefits that were greatly improved under last year's Pension Protection Act of 2006 (changes effective until December 31, 2007 but Congress is working to extend the benefits beyond this date)

- In any one year, a landowner can deduct up to 50% of their adjusted gross income.
- Family farmers or ranchers interested in preserving their farm may qualify to deduct up to 100% of annual taxable income.
- Donation may be carried forward for up to 15 years

# HOW TO CALCULATE YOUR EASEMENT

## A SIMPLE EQUATION...

- # of acres  $\times$  value per acre *without easement* = before easement value
- # of acres  $\times$  value per acre *with easement* = total after easement
- Before easement value – after easement value =  
**easement payment to landowner**

### *At a Glance:*

#### HOW TO CALCULATE THE VALUE OF AN AGRICULTURAL CONSERVATION EASEMENT

A farmer's 200-acre irrigated farm is valued at \$2,600 per acre before an easement is in place, totaling \$520,000 for all 200 acres. By placing an easement on the property, and removing the non-farm development rights, the per-acre value is lowered to \$1,600, so the total market value of the property becomes \$320,000. The difference between the before and after easement land value is \$200,000. (Note: Easement values vary widely from one property to the next and are influenced by the local real estate market, a property's development rights and the restrictions described in the easement.)

*Agricultural conservation easements are funded by public agencies as well as private donations.*

# EASEMENT TESTIMONIAL: JIM & MARY RICKERT



In the scenic Fall River Valley in northern California's Shasta County, agriculture is a mainstay of the economy. The river and surrounding fields attract waterfowl in the wintertime. Jim and Mary Rickert, along with their partner, Channing Chrisman, would like things to stay that way. So in 2004, these owners of the 1,400 acre River Ranch sold a conservation easement to the Shasta Land Trust that protects both agriculture and natural resources. River Ranch grows wild rice, alfalfa and timothy hay, wheat and other grains in addition to grazing cattle from the Prather Ranch operation.

The easement was drafted to allow the Rickerts to continue their way of life and good stewardship practices. The easement incorporates the majority of the property in the Agricultural Area that allows the Rickerts to continue to farm with minimal restrictions.

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

In addition to conserving River Ranch forever, the Rickerts were able to reinvest the easement sale proceeds.

The easement is held and monitored annually by the Shasta Land Trust to insure that the terms are being met. Funding for the easement purchase was provided by the California Wildlife Conservation Board, California Department of Conservation and the Natural Resources Conservation Service Farmland Protection Program.

\*The process of obtaining an easement may vary from landowner to landowner.



*Protect your land for your future generations and receive special tax benefits for doing so.*

# HOW TO APPLY FOR AN EASEMENT



*Protecting the land and a way of life.*

## APPLYING IS EASY

- Determine if agriculture is in your future plans
- Talk to your legal and financial advisors
- Meet with Middle Mountain Foundation
- Work with Middle Mountain Foundation to draft your easement agreement.

## QUESTIONS? CONTACT US

Middle Mountain Foundation

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*If you are interested in an agricultural conservation easement and would like more information please call us at (530) 755-3568.*