



FARM & NATURAL LANDS TRUST
of York County
156 N. George Street, Suite 300, York, PA 17401 (717)-843-4411

Testimony for Preserving the Pennsylvania Farmer
Presented September 6, 2005
Submitted by: Jackie S. Kramer, Executive Director

Thank you for this opportunity to comment on the Preserving the Pennsylvania Farmer legislative initiative. To give you a little background about our organization, the Farm & Natural Lands Trust of York County is a non-profit 501 (c) (3) organization founded in 1990. Our mission is to preserve farm and natural lands for future generation. We have preserved over 5,440 acres of farm and natural lands in York County by working with private landowners to place conservation easements on their property. Ninety-five (95%) of our conservation easements are donated. The value of those donated easements exceeds eighteen million dollars (\$18,000,000).

The Farm & Natural Lands Trust has an active relationship with the York County Agricultural Land Preservation Board. Jointly our two organizations have preserved five properties with three additional properties in progress. Our ability to work together to preserve farms has made the difference for families who have been on the waiting list in some cases for multiple years. The proposed legislation to permit non-profit entities to join the Commonwealth in funding the purchase of easements may bring new resources to farmland preservation efforts and create more opportunities for County and non-profit land trusts to work together. I should note that the Land Trust Reimbursement Program has played major role in fostering our current partnership with the York County Agricultural Land Preservation Board and we certainly appreciate the support that has been given to this program. The Land Trust Reimbursement Program has made the preservation of an entire farm using a land trust and County program financially feasible for the landowners. The continuation of the Land Trust Reimbursement Program in combination with the proposed legislation to expand the partnership with non-profit and County programs can only lead to more properties being preserved. These partnerships do leverage other dollars and donated value from landowners stretching the Commonwealth's financial commitment thus preserving more land. In the case of York County's Farm & Natural Lands Trust and County Preserve Board joint easements, donated land value was \$338,488 to date. It should be noted on a state-wide basis, the cost to the Commonwealth to preserve lands through the Land Trust Reimbursement Program is \$62.03 per acre. With the interest we have seen in farmland preservation, developing new options and partnerships is necessary to address the needs of landowners. Every farm and farm family have their own story. We need to present landowners interested in preservation as many options as possible to address their own situation and accomplish their land preservation goals.

Sprawl has been a major concern for York County. Since 1990, every year more land is converted for development than is preserved in York County. However, we need to understand that preserving farmland is more about preserving our economy than stopping sprawl. York County agriculture is annually a \$121 million industry. In addition, our antidotal evidence from speaking with landowners indicates that easement funds and tax savings from donated easements are reinvested into the community. Landowners build new barns, purchase new equipment and pay down debt. Many farmers use their County funds to do like kind exchanges and purchase more farmland to expand their operations. We need to recognize that investing in farmland preservation is an economic development tool just as low interest loan funds, KOZ zones and the like are economic development tools. Creating blocks of preserved farmland and thereby preserving agricultural communities will make a difference in maintaining this economic driver of our county and Commonwealth.

A sustainable commitment to farmland preservation funding is key to farmland preservation efforts that will stand the test of time. Not only from the purely dollars and sense side (you need money to buy easements), but to send the message to farmers and landowners that the Commonwealth is committed to agriculture for the long term. Dedicating a portion of the Realty Transfer Tax will send that message. It will also provide Counties the ability to better plan for the preservation of agricultural communities because they will know this source of funding will be available to leverage local dollars for preservation.

Because Conservation Easements are perpetual, providing landowners with a longer term benefit for preserving their land would be an incentive for landowners. Allowing property owners to receive payment for their conservation easement through a property tax reduction is certainly one way to enhance conservation easement programs. Many landowners pay income tax on their easement proceeds. Reducing the inheritance tax to \$1.00 is another incentive that will encourage land preservation. The prospect of inheritance taxes for families that are land rich and cash poor is often overwhelming. Many believe their only option is to sell for development to pay that bill when the time comes. For some, even having the property valued with a conservation easement still means the inheritance tax will be a financial burden. Although I believe both these measures would encourage landowners to consider the state easement program, we must remember that there farm properties worthy of preservation who do not make the state/county programs. We also have landowners whose properties do qualify, but for a variety of reasons chose to donate an easement instead of being paid for it. For that reason, I would ask that consideration for property tax reductions and inheritance tax reductions be given to landowners who have donated their easements. For our landowners, the federal tax savings they receive is not equal to the value of the conservation easement. These landowners do not receive any state income tax benefits for donating their easement. We need to insure that incentives are there to encourage people to donate their easement to stretch available resources.

In conclusion, Senator Wenger and Senator Waugh's package to preserve the Pennsylvania the Farmer creates opportunities to bring more families into conservation easement programs, has the potential to reduce the backlogs of County easements programs, and creates partnerships that will leverage the resources available to us to preserve this precious resource. Preserving the farmer and farmland has to go hand in hand. Most importantly, this package recognizes the important role agriculture plays in our Commonwealth. Thank you for the opportunity to provide this testimony.