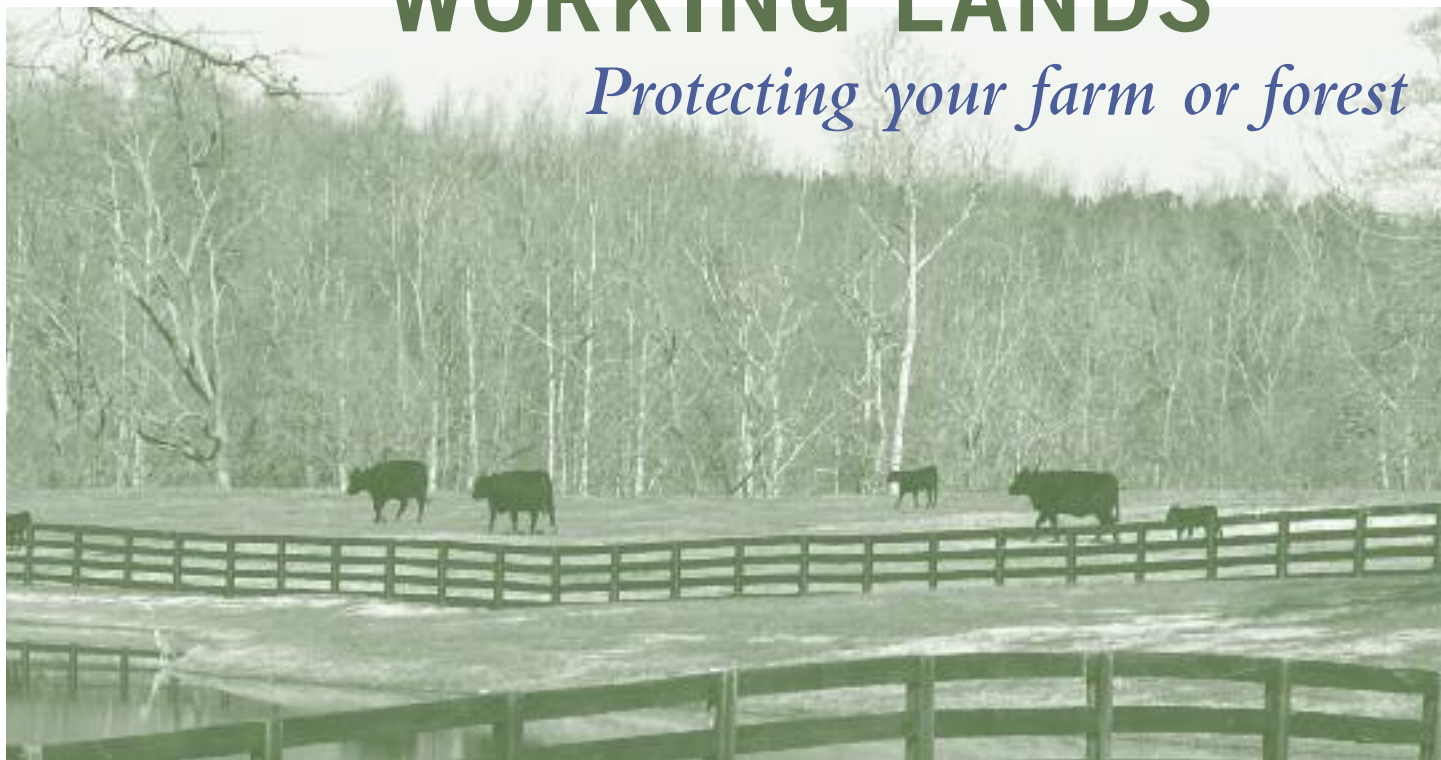


# WORKING LANDS

*Protecting your farm or forest*



**Mission:** TLC is a member-supported nonprofit organization that conserves important open space—stream corridors, forests, wildlife habitat, farmland, and natural areas—in Chatham, Durham, Johnston, Lee, Orange, and Wake counties to help keep our region a healthy and vibrant place to live and work.

**TLC's forest and farmland protection methods are voluntary.**

Our working lands program uses voluntary conservation strategies to keep farms and forests in production and to protect soil and water resources.

**For more information, please contact us:**  
[www.triangleland.org](http://www.triangleland.org)  
[workinglands@triangleland.org](mailto:workinglands@triangleland.org)

Triangle Land Conservancy  
1101 Haynes Street, Suite 205  
Raleigh, NC 27604  
(919) 833-3662 ext 300

Working lands, both farms and forests, are an important part of North Carolina's heritage and economy. These lands provide food and fiber, wildlife habitat, and scenic open spaces. They protect drinking water and cultural resources.

- North Carolina has traditionally been an agricultural state, but as urban and suburban areas expand many farms and forests are being lost to development—34,460 acres each year in the 1990's, ranking fourth in the nation. In 2005, the state lost more farms than any other state in the country.
- Many of North Carolina's farmers and forestland owners are determined to keep their lands intact for future generations.
- **You have a choice.** A variety of conservation options are available to help keep your farm economically sustainable, your land in agricultural and forestry use, and you in control of its future.

## What are the options for protecting your working land?

Triangle Land Conservancy, the Triangle's local land trust, protects farms and forests to ensure that productive lands are available now and in the future to meet the food and fiber needs of this area, the state, and the world. TLC works with landowners to develop strategies that meet their long-term conservation and land management goals while realizing potential financial benefits including tax incentives and available funding sources. This brochure briefly outlines options TLC offers to farm and forestland owners. Please contact TLC for more information.

## TLC'S WORK

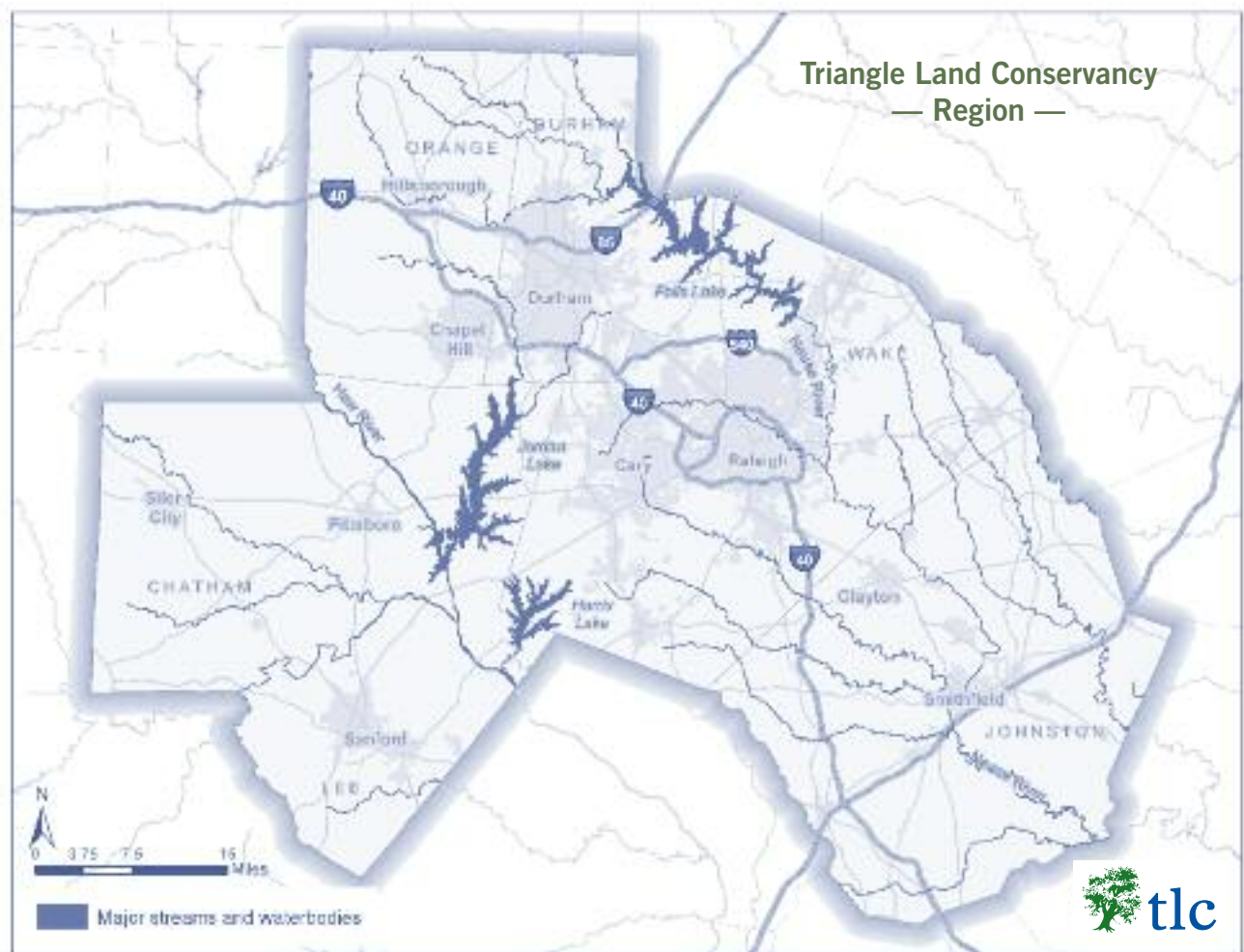
TLC provides voluntary options for protecting working lands in Chatham, Durham, Johnston, Lee, Orange, and Wake Counties.

To date TLC has helped protect more than 11,000 acres of land including many local farms and forests.

### What conservation tools are available to landowners?

Landowners have many tools for protecting their land. This document focuses on conservation easements, which may be the most appropriate conservation method for landowners interested in maintaining ownership of their land while continuing to farm or manage forest resources. TLC also provides other land conservation options, many of which qualify the landowner for tax benefits, including:

- Sale/purchase of land at fair market value
- Sale/purchase of land at below market value (bargain sale)
- Donation of land
- Donation of land with retained life estate
- Donation of land through will



### A CONSERVATION STORY: Summers Farm

Ed and Rema Summers bought their 200-acre Johnston County farm in 1984 and in 1992 donated a conservation easement to TLC to forever protect the land they had grown to love. The Summers raise organic blueberries, wheat and soybeans, keeping quality soils in production. Managed pine and natural hardwood forests protect the water quality of Middle Creek. The Summers' conservation easement donation provided income tax benefits and will allow them pass the property to their heirs with reduced estate tax liability.

# CONSERVATION EASEMENTS

## What is a conservation easement?

A conservation easement is a voluntary, legally-binding agreement that limits certain development to protect productive agricultural and forest land, ecological resources, historic sites, and/or scenic views. Conservation easements can be tailored to meet the landowner's present and future land management and conservation goals.

TLC works with landowners to place voluntary conservation easements on farms and forests to permanently protect productive soils and water resources while allowing for continued management and use of the property.

## Conservation Easements allow landowners to:

- Maintain ownership of their land
- Retain eligibility for present use property tax program
- Farm, harvest timber, hunt and restrict public access to the property
- Use the land as collateral for a loan and lease or sell the property
- Remain eligible for federal and state farm programs

## What are the financial benefits of conservation easements?

- Conservation easements may qualify a landowner for federal and state income tax benefits (conservation easement must meet the requirements of Section 170(h) of the tax code to qualify)
  - Federal income tax deduction (see side bar for more details)
  - State of NC Conservation Tax Credit—up to 25% of fair market value of conservation easement may be used as a tax credit. Limited to \$250,000 for individuals and \$500,000 for corporations
- Possible estate tax benefits
- A limited number of local, state, and federal programs are available which provide funding to purchase conservation easements on working lands. Please contact TLC if you would like to learn more about whether your property qualifies for a particular program.

## How is the value of the easement determined?

An independent appraisal is used to determine the fair market value of a conservation easement. Landowners who donate a conservation easement are responsible for substantiating the value of their gift.

\*Conservation easements are complex legal agreements which may take several months or even years to complete. Please contact TLC to learn more about conservation easements and other available land conservation tools.

## FEDERAL INCOME TAX BENEFITS

On May 22, 2008 Congress enacted a Farm Bill that renews a powerful tax incentive which has helped to conserve a million or more acres of farms, ranches and natural areas across the US. The incentive had expired January 1st, but is now retroactive to the beginning of 2008 and will last through 2009. The increased tax incentives apply to donated conservation easements.

**The provision in the farm bill:**

- **Raises the deduction a landowner can take for donating a conservation easement from 30% of their adjusted gross income in any year to 50%;**
- **Allows qualifying farmers and ranchers to deduct up to 100% of their adjusted gross income; and**
- **Increases the number of years over which a conservation easement donor can take those deductions from 6 to 16 years.**

TLC recommends consulting with a financial advisor to determine how these tax incentives may apply to you.

*“What really excited me when I began to explore easement possibilities, was the fact that when I was asked a question pertaining to what I wanted to be doing well into the future, and where I wanted to be, the answer was pretty much that I want to be doing what I am doing now, and be where I am now.”*

— Lin Andrew, Chestnut Hill Farm,  
Chatham County



### A CONSERVATION STORY: Maple View Farm

Bob and Chris Nutter's decision in 1995 to donate conservation easements on Maple View Farm was about more than just protecting a beautiful view. It was also part of the Nutters' business strategy to make the dairy farm financially viable by setting up their own bottling operation. The tax advantages of the conservation easement donations helped them afford to make that expensive transition. Now Maple View Farm glass-bottled milk is a local grocery staple, and the farm's "country store" ice cream shop is an iconic landmark in rural Orange County.

*"All we want is to sit on our porch and see tomorrow what we see today, and we want our grandchildren to see it too."*

— Chris & Bob Nutter, Maple View Farm  
*TLC conservation partners since 1995*



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## OTHER CONSERVATION MEASURES

**Note: All of these options can be used in conjunction with conservation easements to TLC.**

### Voluntary Agricultural Districts (VADs)

County-based programs that allow farmers to voluntarily enroll their farms in an agricultural district. The purpose of the VAD is to raise public awareness of local agriculture, to slow the decline of farmland in the county, and to offer landowners some protection from encroachment of development. Landowners can withdraw from the program without penalty. Qualifications, restrictions, and benefits vary depending on the county.

### Present-Use Value Tax

County-based programs that reduce property taxes on land in commercial production. Three categories of land-use—agricultural, horticultural, and forestry—have specific criteria for the program.

### Federal and State Programs

Programs administered by the USDA's Natural Resource Conservation Service (NRCS) or Farm Service Agency (FSA) and the NC Division of Soil and Water Conservation offer a range of cost share and incentive payment programs targeted to specific land conservation and water quality objectives.



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