

Conservation Options for Agricultural Landowners*

North Carolina agricultural landowners have access to a wide range of grant and incentive programs that can help:

- Protect farms from non-farm development,
- Conserve natural resources and protect water quality, and
- Enhance farm profitability.

Most of these programs provide funding or tax incentives through federal, state, or local government agencies.

Local and State Options

State law authorizes numerous conservation programs for protecting farmland and conserving natural resources. Many of these programs are implemented at the local level by federal, state, or local government agencies and Soil and Water Conservation Districts.

- **Present Use Value Program** – This program provides a significant property tax break by allowing agricultural, forestry, and horticultural land to be taxed at its present use value (PUV) for those uses, rather than at its market value for development. Land enrolled in the PUV program must meet specific ownership, acreage, income, production, and management requirements. If land is removed from the program, the landowner must pay three years of deferred or “roll back” taxes. Landowners must apply to the county tax department to enroll in the PUV program.
- **Voluntary Agricultural District Program** – Locally established Voluntary Agricultural District (VAD) programs provide agricultural landowners incentives to limit non-farm development. Implemented through county ordinances, landowners enrolling land in a VAD receive a locally determined set of benefits in exchange for voluntarily restricting non-farm development on their land for a 10-year period. Fifty-five of North Carolina’s 100 counties and one municipality have passed farmland preservation ordinances establishing VADs. An Agricultural Advisory Board appointed by the county commissioners administers the VAD program locally. The local VAD ordinance determines eligibility and guidelines for enrollment, selecting the incentives and the restrictions that are most appropriate for local farming conditions. Land may be withdrawn from the program at any time.

Typical Voluntary Agricultural District Benefits:

1. Notification to buyers of neighboring property that they’re moving into an agricultural area.
2. Abeyance of water and sewer assessments.
3. Additional public hearing on the proposed condemnation of farmland.

4. Stronger protection from nuisance suits in those counties that have computerized land record systems and have adopted a system to record the proximity of VAD farms to adjacent landowners and notify prospective buyers of their existence as part of their ordinance.
5. Representation by an appointed board regarding concerns or threats to the agricultural sector.

- **Enhanced Voluntary Agricultural District** – In 2005, the General Assembly authorized a new Enhanced Voluntary Agricultural Districts (EVAD) option that counties and cities can add to their existing local VAD ordinances. This EVAD option created a new category that would offer landowners an additional tier of benefits if they were willing to make an irrevocable commitment to keep their land undeveloped for 10 years. Those landowners who wished to retain their right for immediate withdrawal may continue under current VAD guidelines.

Additional Enhanced VAD Benefits:

1. Enrolled farms may receive up to 25 percent of revenue from the sale of other non-farm products, while still retaining their bona fide farming exemption from county zoning.
2. Reduced cost-share requirements for NC Agricultural Conservation Cost Share funds.
3. Abeyance of all utility assessments for any enrolled farm that chooses not to connect to the utility lines.
4. Priority given to counties/farms enrolled in EVAD for state grants funds and future local and state benefits.

- **Agricultural Conservation Easements** – Agricultural landowners interested in permanently protecting their farms from non-farm development may be interested in donating or selling their development rights. This is usually done through an agricultural conservation easement, which is a voluntary deed restriction landowners place on their land to permanently limit subdivision and nonagricultural development. Landowners retain ownership of the property and can continue to farm. Public access is not required and the land can be sold or passed along to heirs. Future owners must abide by the terms of the easement. Landowners who choose to place an agricultural conservation easement on their land must grant the easement to a government agency or conservation organization, such as a land trust. Landowners who donate a permanent agricultural conservation easement may receive a federal income tax charitable deduction and a state income tax credit as well as a reduction in the value of the property for estate tax purposes.

NC Conservation Tax Credit and Funding Sources:

North Carolina has a unique state Conservation Tax Credit available for donations of

property or easements for conservation purposes, including preservation of farmland. Landowners placing their land under a conservation easement are eligible for a state income tax credit equal to 25 percent of the donated value of the easement (development rights), which can be carried forward for five years. Limited funding is available through the NC Agricultural Development and Farmland Preservation Trust Fund, NC Clean Water Management Trust Fund, the NC Tobacco Trust Fund Commission, the USDA Farm and Ranch Lands Protection Program and several county-level programs to purchase development rights on working farmland that meets the different programs' criteria.

For more information, contact:

Conservation Trust for North Carolina: www.ctnc.org, 919-828-4199

Blue Ridge Forever: www.blueridgeforever.info, 828-253-0095 ext. 212

Soil and Water Conservation Districts: www.enr.state.nc.us/DSWC

NC Agricultural Development and Farmland Preservation Trust Fund:
www.ncadfp.org, 919-733-7125

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