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# Options for Connecticut Farmland

Presented by  
East Windsor Natural Resources Preservation Committee

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## I. INTRODUCTION

We generally know how to develop our property

- Contact developer
- Realtor who sold you your property
- Ask town offices

If you want to conserve your property, how do you do it? What are your options? Who do you contact?

Goal this evening: give you an overview of the wide variety of options available to you if you want to conserve your property

If you're thinking about the future of your farm, several questions might come to mind

- What will happen to my property when it passes into other hands?
- Will my children or heirs want to maintain it? Will they be able to do so?
- Will it be developed? If so, how will this affect its character and special features?

Wide variety of options available if you want to conserve your farm

- Which is best for you depends on your situation, your interests and the special qualities of your land

## II. BASIC CONSERVATION TOOLS

### A. Conservation Easement

- A legal agreement between a landowner and a qualified conservation organization or government agency that *permanently* limits a property's uses in order to protect its *conservation values*.
- Flexible; customize to meet the needs of the seller, buyer and conservation goal

#### Advantages

- Retain ownership – may continue to live on it, sell/lease it or pass it on to heirs
- Tax benefits
  - Can significantly lower estate taxes – sometimes making the difference between heirs being able to keep land in the family and their need to sell it (for both purchased and donated easements)

its if donate  
erty taxes, if not already in PA490  
ion for keeping land in undeveloped state (ie status quo)  
he land

- Flexible
  - Can be written to meet your specific needs while protecting property's resources

#### B. Fee Simple

- Selling or donating title
- Selling or donating all your property rights

##### Advantages

- Receive compensation and/or tax benefits
- Relieved of financial responsibility for managing and caring for property (insurance and taxes)
- Know property is protected

As previously mentioned, which of these tools or combination of tools is best for you depends on your situation, your interests, and the special qualities of your land

### III. TAX CONSIDERATIONS

#### A. Property

#### B. Income

##### I. Could you benefit from an income tax deduction?

- Donations (easement or title)
- Bargain sales
  - Can provide substantial income tax savings

Charitable Deduction

##### II. Has your property appreciated greatly in value during your ownership?

- Sale may trigger sizable capital gains tax
- Tax can be minimized by donating an easement prior to sale or by bargain sale

Capital Gains Tax

#### C. Estate

Do you want your heirs to keep the land in the family?

Are you concerned that they may need to sell it to pay the estate taxes?

Donating or selling easement or portion of property

- Can reduce value of land within your estate, thereby reducing estate tax liability
- may significantly reduce estate taxes

Unified credit (amount of estate not subject to tax)

2009: \$3.5m

2010: no estate taxes

anything over this amount taxed at up to 55%



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## PROGRAMS IN CONNECTICUT

CT River Valley -- priority

Focus on those programs with \$\$\$

Landowners may apply directly to these programs:

- A. Connecticut Farmland Preservation Program, Department of Agriculture
  - Minimum of 30 acres of cropland – or adjacent to a larger protected parcel
  - Must be an active farm
  - Food & fiber
  - Program may pay up to 100% of appraised value of the development right
  - Application -- ongoing
  
- B. Grassland Reserve Program, Natural Resources Conservation Service (NRCS), USDA
  - Eligible parcels generally 40+ acres that are historically dominated by grasses or shrubs
  - Protected land may be hayed or grazed – not cropped
  - Program may pay up to 100% of appraised value of the development rights
  - Term rental agreements also available
  - Application – sign up period

## FARM VIABILITY

Farm Transition Program, CT Department of Agriculture  
The viability of farms and farm businesses

- Grants up to \$50,000 (which must be matched \$1 for \$1)
- Funds projects that will increase profits through diversification, transition, production expansion, or new marketing
  - Marketing campaign
  - New farmstand or commercial kitchen
  - New barn
- Application – every fall

### B. CT Farm Link, CT Department of Agriculture

- Matches people seeking farmland with available land
- Accepts applications from both farmland owners and farmland seekers
- Confidential

### C. Environmental Quality Incentive Program (EQIP), Natural Resources Conservation Service, USDA

- Pays up to 75% (90% for limited resource and new farmers) of the cost to implement structural and management practices
- Technical and financial assistance available to
  - Plan, design and install erosion control measures & agricultural waste mgmt facilities
  - Establish Conservation practices such nutrient mgmt, integrated pest mgmt, manure mgmt, irrigation mmgt
- Annual application period



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