

## **AGRICULTURAL PRESERVES (WILLIAMSON ACT LANDS)**

The California Land Conservation Act of 1965, better known as the Williamson Act, created a program for counties to protect viable agricultural land by offering a tax incentive to property owners for keeping their land in agricultural production. The Act provides an arrangement where private landowners voluntarily restrict their land to agricultural and compatible open space uses under a contract with the County, known as a Land Conservation Contract. Property owners wishing to receive a tax break through the Williamson Act must follow an application process with the County and may need to form an Agricultural Preserve.

The Williamson Act contract is an enforceable restriction on land and is binding on successors to both the landowner and the local government. The minimum term for a contract is ten years, and the contract is automatically renewed annually, unless either party gives advance notice on non-renewal. Contracts may also be canceled immediately, terminating the restriction to agricultural uses, only if the local legislative body finds that it would be consistent with the Act and in the public interest.

The Department of Conservation governs the program at the state level. The County initiates local Guidelines and Policies in accordance with the Act. The program is administered locally, through a combined effort of the Assessor's office, planning staff and County Counsel. The Assessor determines the value of the land under contract with a restricted value, based on income capability rather than market value, giving tax relief to property owners. In 1971, to help offset the revenue loss to counties, the Legislature enacted the Open Space Subvention Act which provides an annual subvention payment from the state. In 2003, this subvention amounted to \$39 million statewide, of which Humboldt County received roughly \$211,000. The future of this subvention funding is in question due to the current state budget crisis.

### **COUNTY IMPLEMENTATION OF THE WILLIAMSON ACT**

Humboldt County Board of Supervisors first adopted guidelines for the Williamson Act locally on June 24, 1969. The Board, in June of 2002, adopted the first comprehensive update to the local Guidelines since 1978 to reflect major changes to the Williamson Act, including the 1998 adoption of Government Code Section 51296, otherwise known as the Farmland Security Zone (FSZ). The FSZ allowed property owners enrolled in this program to have the option of extended contracts, from 10 years to a 20-year term, and in exchange, receive an additional 35% tax reduction. The FSZ is designed for prime lands or lands designated on the Important Farmland Series Maps and applies to lands lying within 3 miles of the adopted Sphere of Influence of incorporated cities.

From 1972 to 1981, nearly 243,000 acres were put under Williamson Act contracts in the County. Currently, there are just over 273,000 acres in the program (in 145 established preserves), indicating that participation has not significantly increased over the past 20 years.

The majority of land placed into agricultural preserves in Humboldt County occurred between 1973 and 1979. Proposition 13, which passed in 1979, greatly affected the number of new enrollees into the program (Humboldt County Agricultural Background Report, 1981). Proposition 13 "rolled back" the base market value of land for taxation purposes to the 1975 tax rates. The tax advantages resulting from being in Williamson Act contract became less appealing in comparison to the tax relief from Proposition 13, without any land

restrictions. It is anticipated, however, that landowners will continue to utilize the contract program as changes in ownership raise the post proposition 13 taxes above Williamson Act Contract levels. Additionally, in June 2002, the Board took steps to address this disincentive and Humboldt County became only the fifth county in California to adopt Section 423.3 of the Revenue and Taxation Code, permitting the Assessor to grant a maximum 10% reduction to the Proposition 13 Factored Base Year Value for participating Williamson Act properties.

By 1981, approximately 243,000 acres were under Williamson Act Contract, of which 747 acres were rated prime agricultural lands. Of that total, about 75,498 acres were additionally protected under the County's Timber Production Zone (this acreage is not considered "enrolled" in the Williamson Act Program by the state Department of Conservation, and does not receive state subvention monies). Since that time, the amount of land in contract has grown modestly, with an average growth rate of 1.4% per year. As of December, 2002, over 1400 parcels of land, or approximately 274,173 acres are under Williamson Act Contract, of which 4,787 acres are rated as prime agricultural lands.

Of this total, 81,657 acres are also protected under the County's Timber Production Zone (the County only receives subvention money for approximately 192,516 acres of agriculturally producing lands). These preserves are generally located in the southern portion of the Coastal Zone and the southeastern portion of the County.

Once land is voluntarily restricted by land conservation contract, the County requires that the land be used for producing of agricultural commodities for commercial purposes and uses compatible with agriculture. In any one year, a minimum of 50 percent of the contracted land must be under production. This allowance permits a portion of the lands to remain fallow or in crop rotation, or to address market or other conditions (e.g., drought). Additionally, the County's Guidelines permit the Board to suspend the production standard for good cause, including retirement or the sudden death or illness of the owner/operator.

The County is responsible for monitoring contract compliance with the Williamson Act and county Guidelines. Failure on the part of a property owner to comply with the terms of the contract or Guidelines could result in the County seeking a judicial remedy or initiating non-renewal. The County's monitoring and enforcement efforts are intended to keep the program efficient in an era of lean state budgets while maintaining the overall integrity of the program that has benefited the agricultural community in Humboldt County.

The program has been successful in terms of the amount of ranchland placed in the system, but only 47 percent of all agricultural lands in the County are actively preserved under the Williamson Act (utilizing acreage figures from the Department of Census). Most of the grazing lands are currently enrolled in the program, while much of the prime agricultural lands in Humboldt County (primarily the dairies on the bottomlands) have not historically utilized the tax reduction benefits of the Williamson Act. Originally, landowners were wary of the land restrictions required as a part of the Contracts. After the passage of Proposition 13, however, values for prime agricultural lands were not significantly lower than Williamson Act contracts.

Under the Williamson Act, the base share value for prime agricultural lands are higher due to the increased "market rent" value, therefore a higher tax rate is given to prime agricultural lands. The recent Board action to allow an additional 10% reduction to Proposition 13 Factored Base Year Value (per Revenue and Taxation Code Section 423.3) could help reduce this disincentive and increase representation among these land owners.