



Oregon Agricultural Heritage Program Summary of Legislative Concepts



Oregon's rich agricultural heritage and diverse farm and ranch lands have drawn people to the state for more than 150 years. These "working lands" are the cornerstone of the state's rural communities and provide myriad benefits to the natural environment. More than one quarter of Oregon's 63 million acres are private working lands that create agricultural production valued at \$5.4 billion—the state's second-largest economic driver. At the same time, well-managed agricultural lands support valuable fish and wildlife habitat as well as enhancing other natural resources.

For forty years, Oregon's unique land use system has helped protect working landscapes. Even with a strong economic position and state protections, farms and ranch productivity is increasingly challenged by rising production costs, loss of processing facilities, fragmentation through new land uses, conversion to non-farm uses, complex regulations, and planning for generational transfers.

Governor Brown's office convened a group of landowners, conservation and agricultural organizations and agencies to work with landowners, tribal governments, agencies and interested organizations to identify voluntary tools to **help landowners maintain working farms and ranches while providing incentives and support for conservation benefits on those lands.**

Called the Oregon Agricultural Heritage Program Work Group, they are developing a new program for consideration in the upcoming legislative session. The following pages contain a summary of an early bill draft. The work group will be traveling around the state this fall to get feedback on the tools outlined below to ensure the correct concepts are included in advance of the 2017 Legislative Session.

What does the draft of the bill do?

- 1) Establishes the **Oregon Agricultural Heritage Fund** to provide a source of revenue to implement the tools outlined in the remainder of the bill. It also allows interest to be earned and used by the fund, as well as allowing for outside contributions that support the identified tools. Funds can be used to:
 - Assist landowners with succession planning;
 - Offer tools that include permanent conservation easements, term conservation covenants, and conservation management plans to protect working farms and ranches while also maintaining or enhancing fish and wildlife habitat or other natural resource values;
 - Conduct a study to determine implications of Oregon's tax structure on succession planning and a landowner's ability to transfer lands to future generations and provide recommendations;
 - Allow the Oregon Watershed Enhancement Board (OWEB) to charge administrative expenses, limited to 12% after the first biennium.

continued



Awards must:

- Have matching contribution from other program funds, in-kind services or other investment in the project;
- Using ranking criteria (identified below), be reviewed by technical committees that are established jointly by OWEB staff and the Oregon Agricultural Heritage Commission (defined below);
- Be reviewed and recommended for funding by Oregon Agricultural Heritage Commission to the OWEB Board for concurrence based on availability of funding.

- 2) Establishes the **Oregon Agricultural Heritage Commission** to oversee the program and recommend funding to the OWEB board. Members include:
- Four members representing farming and ranching interests from different areas of the state and representing a diversity of commodities recommended by the Board of Agriculture. All farm or ranch representatives shall be actively engaged in or retired from active farming or ranching;
 - Four members representing natural resource values:
 - Two with expertise in fish and wildlife habitat recommended by the Fish and Wildlife Commission;
 - One with expertise in agricultural water quality recommended by the Board of Agriculture; and
 - One recommended by the OWEB Board;
 - One member representing OSU Extension recommended by the Director of the OSU Extension Service;
 - One member recommended by the Land Conservation and Development Commission with expertise in conservation easements and other similar land transactions;
 - One tribal representative recommended by the Oregon Watershed Enhancement Board.
 - The OWEB Board shall appoint one of its members to serve as an ex-officio liaison to the Oregon Agricultural Heritage Commission.

The commission's roles include:

- Serve as rules advisory committee to the agency. The commission is allowed to add specific technical expertise to the initial rules advisory committee if needed;
 - Adopt policy and priority recommendations for use by the agency in evaluating both agricultural values and values that maintain or enhance fish or wildlife habitat, improve water quality or other natural resource values on working lands;
 - Review recommendations made by technical committees;
 - Provide recommendations to the OWEB Board for the board's concurrence based on availability of funds.
- 3) Provides funding to **assist landowners with succession planning training and support**. The commission can recommend funding be provided directly to OSU Extension and/or establish new program to provide grants for training and support.
- 4) Establishes a series of **investments and/or grant opportunities** detailed below. The commission and OWEB staff will consult to design program requirements jointly that allow flexibility and responsiveness to program participants and ensure compatibility with federal working lands conservation easement programs. Participants can receive financial assistance, rental or easement payments, tax benefits, or other payments from other organizations; however, program funds cannot duplicate payments with any other program.



5) Establishes **Technical Assistance grant program** to improve the capacity of and provide technical assistance support for eligible entities who would receive funding to work with farmers and ranchers to develop working lands conservation easements, conservation management plans, and conservation covenants.

6) Establishes **grants for permanent working land conservation easements, termed working land conservation covenants** and development of **conservation management plans**. Grants can be provided for:

- Acquisition of permanent working lands conservation easements;
- Acquisition of termed working lands conservation covenants;
- Other costs directly associated with acquiring, stewarding or monitoring the working lands conservation easement or covenant and development of the associated conservation management plan.

Notes that holders of easements, or covenants are identified in ORS 271.715, excludes state agencies for this program. In addition to easements or covenants, farmers/ ranchers and holders can cooperatively establish a conservation management plan developed cooperatively between farmer or rancher and eligible entity. All plans must:

- Meet standards identified in the Oregon Agricultural Heritage Fund rules;
- Be specific to property and account for farmer or rancher's individual needs;
- Be agreed to by farmer or rancher and eligible entity;
- Be flexible and allow for regular modification if practices or circumstances change, as mutually agreed upon by farmer or rancher and eligible entity;
- Be adhered to by farmer or rancher, including an agreement to regular monitoring by an eligible entity.

7) Establishes **grant program for developing and implementing a conservation management plan**. Costs calculated as an annual payment to farmer or rancher based on annual implementation of management plans. Management plans must meet the same requirements as outlined above, and can last for a period of 20 to 50 years. At any time, a farmer or rancher can sell a working lands conservation easement or covenant. Entities eligible to receive grants under this section include:

- Soil and water conservation districts and other easement 'holders'; not including state agencies
- Watershed councils
- Other non-profit organizations as defined under 501(c)(3) of the IRS tax code.

8) Establishes **ranking criteria** to evaluate working land conservation easements, covenants and conservation management plans. Requires commission to consider criteria that:

- Protects, maintains or enhances working farms and ranches,
- Protects, maintains or enhances fish or wildlife habitat, improve water quality or other natural resource values;
- Ensures protection of agricultural outcomes, benefits or other investment gains and that all types of agricultural land are considered equitably;
- Ensures easement, covenant or agreement-holding entity has capacity to hold, monitor and enforce easement, covenant or agreement over time;
- For easements and covenants, maximizes the state's investment consistent with the purposes of this program, including leverage with other resources. Commission shall also consider duration and strength of agreement and associated management plan;

- For management plans, maximizes state’s investment consistent with purposes of this program, including leverage with other resources. Commission shall also consider duration and strength of management plan.

- 9) Requires study by Departments of Revenue and Agriculture to examine **financial incentives and barriers to land transfer and succession planning** to identify mechanisms that improve ability to maintain agricultural lands while conserving natural resource values, as well as identifying where reductions, phase out or elimination of taxes may be recommended. Requires researchers to consult with other state agencies and interested members of the public to identify and propose potential tax incentives and other financial mechanisms. Requires report submitted with accompanying recommendations for legislation to Legislature by September 15, 2018.

Relevant definitions:

“**A conservation management plan**” may be composed of multiple components addressing different natural resource priorities. The plan must be specific to the land and account for the needs of the farmer or rancher. A conservation management plan must be for the purpose of developing and implementing conservation measures or other protections for maintaining or enhancing fish or wildlife habitat, improving water quality or supporting other natural resource values in a manner consistent with the social and economic interests and abilities of the farmer or rancher. The plan may include provisions for addressing particular priorities related to natural resource values, including but not limited to soil, water, plants, animals, energy and human need considerations.

“**Working land**” means land that is in active agricultural use by the owner or a designee of the owner and that includes, but need not be limited to, use as a farm or ranch.

“**Working land conservation covenant**” means a nonpossessory interest in working land for a fixed term that imposes limitations or affirmative obligations for purposes that must include, but need not be limited to, supporting the use of the land for agricultural production and for the maintenance or enhancement of fish and wildlife habitat, improvement of water quality or support of other natural resource values.

“**Working land conservation easement**” means a permanent nonpossessory interest in working land that imposes limitations or affirmative obligations for purposes that must include, but need not be limited to, supporting the use of the land for agricultural production and for the maintenance or enhancement of fish and wildlife habitat, improvement of water quality or support of other natural resource values.



Oregon Association of Conservation Districts

