

YOLO LAND TRUST



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Protecting Yolo County land for over 20 years.

FALL / WINTER 2010 - 2011

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The Yolo Land Trust is a California nonprofit public benefit corporation, founded in 1988 by an innovative group of farmers, ranchers, community leaders and conservationists dedicated to protecting Yolo County's land resources. The Yolo Land Trust has helped landowners place conservation easements on 51 parcels throughout Yolo County, permanently conserving almost 9,000 acres of land for future generations. These farms remain privately owned and operated. The Yolo Land Trust is conserving land today that will shape the character of Yolo County for centuries.



For more information on the Yolo Land Trust or to receive YLT E-News visit www.yololandtrust.org or provide us with your email address on the enclosed remit envelope.

Historic Farmland Permanently Preserved



Bruce Clark, center, with Michael Bilancione, realty specialist with USDA Natural Resources Conservation Service, and Michele Clark (no relation to Bruce), executive director Yolo Land Trust.

When Bruce and Judy Clark purchased the first 20 acres of their now 140-acre farm in Yolo County, preserving the agricultural legacy of the property was extremely important to them. Now, more than 25 years later, placing **Clark Farm** into a permanent conservation easement with the **Yolo Land Trust** guarantees it will not be developed for generations to come.

Bruce and Judy are gradually acquiring contiguous parcels and putting the pieces of the historic 300-acre Hamel Farm back together again. The easement gets them a little closer to that goal. "This farm is more than a century old and it is extremely important to Bruce and me that it remains intact for centuries to come," said **Judy Clark**.

Purchase of this conservation easement was made possible through a partnership involving Yolo Land Trust, the USDA Natural Resources Conservation Service, the California Department of Conservation and the County of Yolo. In addition, the Clarks contributed 25% of the value of the easement in the form of a bargain sale.

"Clark Farm is a critical piece to protecting the Dry Slough corridor and the myriad of wildlife that nest there," said **Mary Kimball, Yolo Land Trust Board of Directors President**. "Together with the Clarks, I am thrilled that we are able to preserve this beautiful farm for future generations. We are grateful to all our partners for their contributions."

The Clarks will continue to own the farm where organic tomatoes, alfalfa, sunflowers and beans are grown. It will remain on the county tax rolls. The farm was selected for conservation due to its healthy soils and riparian corridors, which provide wildlife habitat for both common and protected wildlife species, including nesting and foraging habitat for Swainson's hawk.

Bruce Clark has spotted a bobcat on his land and, now and then he's seen golden eagles. "I want to protect it after I'm gone," said Bruce. "I can protect it as long as I'm alive but after that, who knows? We don't have any kids, so this may be the only thing we leave behind."

CONSERVATION EASEMENTS: Benefits in Preserving Land

By James L. Leet, Esquire, Boutin Jones Inc.

I have met many landowners who care and love the land they own and wish for the land to remain in its current state for future generations. This desire may be fulfilled through use of a conservation easement. A conservation easement is a "limitation in a deed, will, or other instrument in the form of an easement, restriction, covenant, or condition, which is or has been executed by or on behalf of the owner of the land subject to such easement and is binding upon successive owners of such land, and the purpose of which is to retain land predominantly in its natural, scenic, historical, agricultural, forested, or open-space condition." California Civil Code § 815.1.

Conservation easements are adaptable to many types of properties: open space, natural or undeveloped lands, scenic or historic lands, and agricultural lands. Specific requirements may apply to the type of property. Conservation easements are permanent restrictions on real property and are tailored to the specific property. If the land is encumbered by a deed of trust, the lender will have to agree to subordinate the deed of trust before the landowner may encumber the property with a conservation easement.

A landowner may gift, sell or make a combination gift and sale of the conservation easement to the Yolo Land Trust. To gift an easement to the Yolo Land Trust and to obtain the tax benefits of deducting the value of the conservation easement gift, the landowner's holding period in the land must be more than one year. Gifts of easements on land not held for more than one year are deductible to the extent of the land basis. In effect, any appreciation in the property held for not more than one year is not allowed as a deduction when the property is held not more than one year. The length of holding period depends on how the landowner acquired the property. For a landowner who acquired property by gift, for example, the landowner's holding period includes the holding period of the person gifting the property to the landowner.

The landowner should examine the tax benefits from gifting. If the landowner earns more than 50% of the landowner's gross receipts from farming and ranching activities, the landowner may deduct 100% of the landowner's adjusted gross income in the current year and each of 15 succeeding taxable years up to the total value

of the gift for gifts made before January 1, 2012. If gross receipts are less than 50%, the landowner may deduct the amount of the gift in the current year provided the value does not exceed 50% of the landowner's adjusted gross income when considering other gifts in the current year and any excess may be carried over up to 15 years for gifts made before January 1, 2012.

Sale of a conservation easement is treated as a sale of property and is subject to tax as capital gain. The amount of the gain is determined by the difference between the amount realized from the sale and the portion of the basis that represents the percentage of the total value of the property reflected in the value of the conservation easement.

The gain is eligible for preferential long term capital gain rates, in 2011 of 15% for federal income tax, if the landowner has a holding period of more than one year in the property subject to the conservation easement. California has no preferential capital gains rates. In the alternative, the landowner may defer the gain through a like kind exchange as an easement is like kind with any U.S. real property if the landowner holds the replacement property for investment or for use in a business.

Depending on personal circumstances or the funds available to the acquiring easement holder, a landowner may elect to sell a portion of the easement and gift the rest. This is called a "bargain sale" in which the transaction is broken into two parts. First, the portion that is treated as gifted is valued and the other portion is sold.

Conservation easements are complex and require a long time to negotiate and implement, many months to several years. Conservation easements are perpetual restrictions on use of land, so the terms must be negotiated with care. They provide a valuable tool to preserve use of the property without surrendering ownership or materially altering the landowners use and enjoyment of the property.



Jim Leet is a certified specialist in taxation and, for many years, has worked with farmers and ranchers in connection with donations of a conservation easement to land trusts, including the Yolo Land Trust. Jim currently practices law with Boutin Jones Inc. in Sacramento. Jim can be reached at jleet@boutinjoness.com or 916-321-4444.

New Board Members



Jessica Kilkenny

Jessica Kilkenny is Vice President/Commercial Loan Manager of First Northern Bank's Winters Branch. An active community member, Jessica has served on the City of Winters Community Development Agency Loan & Grant Advisory Committee, Winters High School Agriculture Advisory Board and Sutter Davis Hospital Foundation Board, to name just a few of her many activities. She was appointed by the Yolo County Board of Supervisors to serve on the Yolo County Workforce Investment Board. Jessica received the Winters Citizen of the Year Award, the Theodore Winters Award, the Yolo County FFA Outstanding Service Award, the First Northern Bank Superior Service Award (twice), and the Business of the Year Award. She is an active member of Winters Rotary Club and Winters Chamber of Commerce. Jessica and her husband Dennis have lived in Winters for more than 18 years.



Bob Marr

Bob Marr, a fifth generation Californian, graduated from San Francisco State University with a Bachelor of Arts in Geography and Environmental Studies. He received a Master of Science in Natural Resources from Humboldt State University with a specialty in Watershed Management and Fisheries. Bob is presently employed with California State Board of Equalization as a member of the audit team reviewing the practices and procedures of assessor offices throughout the state for compliance with applicable property tax laws, statutes and regulations. Bob also is the owner, operator and winemaker of Marr Cellars, a producer of distinctive, premium red wines since 1997. Bob currently resides in Davis with his two children.



Chris Scheuring

Chris Scheuring was raised on a family farm in Illinois, before his family moved to Yolo County and began farming "out west". He graduated from Davis High School, and received his undergraduate degree from UC Davis. He served as a pilot in the U.S. Marine Corps for 8 years, before returning to Davis where he earned a law degree. He is now an environmental lawyer specializing in land use and water resources, representing agricultural clients. Chris is also involved in the family farming operations in western Yolo County, which produce walnuts, almonds, mandarin oranges, and other crops. He resides in Davis with his wife and three medium-sized children.

Today's Ag Leaders Featured in Regional Forum

The Sacramento Area Council of Governments hosted a regional forum on the Rural-Urban Connections Strategy in Sacramento on December 10, 2010. The Forum attracted leaders in agriculture, local government officials, local growers and concerned residents. Several hundred people attended and heard **MARY KIMBALL** and **PAUL MULLER** speak to the challenges facing agriculture in our region. Mary was featured in a video on attracting young farmers to the region, while Paul spoke on a panel discussing expanding regional agricultural activity. One of YLT's founders, **RICH ROMINGER**, was featured in a video on planning for future. Rich noted that while counties traditionally planned for subdivisions and commercial growth, it was now time to plan for the future by focusing on the needs of agriculture. You can learn more about RUCS @ www.sacog.org/rucs.

Stop By and Say Hello

The Yolo Land Trust office is now located at **221 West Court Street, Suite 5**. Next time you are visiting Yolo County RCD or USDA Farm Service Agency, come upstairs and say hello.

Mark Your Calendars

A Day in the Country will be held on Sunday, **September 11, 2011**. Our search is underway for a new location this year. Call our office if you have any suggestions.

Show Your Support for Tomorrow's Ag Leaders

Supporters of agriculture may now purchase a special interest license plate offered by the California Department of Food and Agriculture. Your purchase directly supports youth agriculture programs. To invest in the next generation of ag innovators, entrepreneurs and leaders, go to: <https://secure.cdfa.ca.gov/egov/calagplate/>

Many thanks to our donors and sponsors from July 1, 2010 to December 31, 2010

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