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## 11. CONSERVATION: Calif. counties fret about possible loss of funding

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As Gov. Arnold Schwarzenegger (R) sorted through options for a revised \$104 billion state budget proposal this month, several previously sacrosanct programs were nicked and pared in order to build a surplus reserve. And possibly lost in the shuffle was a \$39.1 million allocation to compensate local governments for reduced property taxes paid by farmers and other landowners who agree to keep their property in agricultural production or open space for 10 years.

The program, created under the California Land Conservation Act of 1965 -- more commonly known as the Williamson Act -- has become a fixture of supplemental funding for counties in particular. Currently almost 17 million acres of the state's 29 million acres of farm and ranch lands are enrolled in the program. In all, about \$700 million has been reimbursed to cities and counties since a subvention formula based on acreage and protections was enacted in 1970.



A farm in Humboldt County, Calif., is one example of property that has taken advantage of tax breaks afforded by the Williamson Act in return for a pledge to keep the land from development. Funding for the \$39 million program is conspicuously absent in this year's budget proposal from Gov. Arnold Schwarzenegger. Photo courtesy of Humboldt County.

flexibility while remaining financially responsible. The Williamson Act will remain in place. However, state support to local jurisdictions through subvention payments will end," Wilson stated. "This will allow local jurisdictions to assume a greater role in prioritizing how funds are allocated to support this system."

In a recent memo to members of the Legislature, however, Keene and colleagues from other government associations urged continued budget support for the programs. "This financial support from the state has provided a tangible incentive for local governments to stay in the program and initiate more contracts by partially replacing property tax revenues lost on enrolled land. ... Eliminating the subvention payments is the first step towards a total unraveling of the broadest based agricultural conservation program in the state," they wrote. "Given local budgetary conditions, we seriously doubt that local governments will be able to utilize this important planning tool without the existing financial incentive."

Exactly what will happen to the program is still uncertain. Members of budget committees in the House and Senate have indicated they will leave the funding alone rather than adopting the governor's zero-budget proposal. "My understanding is that it won't even go into the conference committee," she said.

"We're really focusing on the governor right now. What we're primarily concerned with is that he would use a line-item veto," Keene said. "You just never know."

Karen Keene, legislative representative for the California State Association of Counties, told *Land Letter* that payments under the act are a critical source of discretionary revenue for rural counties that can be spent for a wide variety of programs. In 2005, the latest year for which payment figures are available, about 95 percent of the \$38 million in program funding went to counties. Some \$24 million of that related to preserving prime agricultural lands from development.

Landowners can save between 20 percent and 75 percent on property taxes each year, depending on the level of their voluntary commitment with local governments to restrict land uses. Restricted parcels are taxed based on actual use rather than potential market value.

A University of California survey of participants found that one in three land owners participating in the Williamson Act program said they would have sold their farms and ranches if not for the tax break.

In a statement, California Department of Conservation spokesman Ed Wilson said that the governor is committed to reducing the structural deficit faced by the state each year. "When you realize that more than 90 percent of the budget involved fixed costs and more than eight percent of that involves other mandates, very little room remains for