

Family Considerations To Sell Conservation Easement

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When considering to sell your conservation easement, you have several complex family issues to face. This decision could shape your family's future more than any other decision that you make. The future feasibility of farming, your family's interest in farming, your retirement needs, the lowered fair market value of your farm, your use of the conservation easement funds, and lastly the timing of your decision are a few of the many factors you may consider. Making an informed decision won't be easy, but could save yourself and your heirs future problems.

Future of Farming

The first consideration is the future feasibility of farming at your location. Some factors to think about may be traffic congestion, availability of farm support services, (feed, supplies, repairs, etc.), local zoning and manure ordinances, ability to use pesticides and herbicides, closeness to "hostile" homeowners, water quality and availability, and direct marketing opportunities of farm products. Will you have done your heirs any favors if they can't get adequate and timely farm services, are always fighting with their neighbors about the farm odors, and/or use of spray materials, and/or can't get to the fields because the traffic makes it too dangerous? As we said in prior articles, the Agriculture Security Area protects you from noise complaints due to normal farming practices, but whose farming practices are completely normal, and who will define normal?

Heirs Desire to Farm

If it is questionable if any of your heirs desire to farm, it may also be questionable whether you want to restrict your farm land to farm use only. Some of your children may want the farm sold for the top dollar and feel that the farm is their big inheritance. If you do have heirs that want to farm, and you desire to give your heirs the option to farm, the conservation easement cash payment may make estate planning easier by having the cash to compensate

your non-farm children. It will also make it easier for the future farmer to purchase the farm by lowering its fair market value. With the cash you may even be able to gift a portion of the fair market value to your child, to further facilitate the heir's purchase of the farm.

Family Use of the Farm

If you're thinking about selling your conservation easement it may be the perfect time for a family conference to discuss the issue. You may ask your children if they would like a building lot off the farm at some future date. Lots could be excluded from the land placed in the conservation easement and you or your heirs could later build a house on those lots. You may want to ask the following questions: Are the children willing to sacrifice some potential inheritance income to keep the farm in agriculture and/or in the family. At what price would the nonfarm children be satisfied with the farm being sold to their brother or sister. Who wants first option to purchase the farm from the state. The family conference would be a perfect time to discuss your entire estate plan including executor(trix) selection, use of trusts, division of certain personal property, and your retirement goals among other issues.

Retirement Needs

You have worked long and hard to become a successful farmer. Most farmers finance their retirement plan through the sale of the farm. Options available to you are: 1) Sell the farm at fair market value, 2) Sell it at agriculture value, probably to a related party, 3) Gift the farm to one of your children, or 4) Let the farm pass to the next generation at your death. Remember, whatever you do, don't forget to have a source of income to meet the standard of living that you desire upon retirement.

Lowered Fair Market Value

The conservation easement may greatly reduce the farm's fair market value when it is transferred to the next owner. The 14 farms in Lancaster County sold with con-

servations in place over the past 4½ years sold for an average of \$3,116 an acre, or about \$1000 less than the 1988 Lancaster County average. This lowered value is advantageous if the farm remains in the family, but may greatly reduce the sale price when compared to selling the farm for development.

Use of the Conservation Easement Funds

Make sure after paying off your lending institution and income taxes that you have enough left to fulfill your wishes. You may want to purchase the neighboring farm, make major building improvements and/or additions to the farm, or gift funds to your heirs or

favorite charity among other desires. You may want to consider donating a portion of your easement sale to lower your tax liability and allow the county and/or state to purchase more easements so more land will stay in farming in the county.

Timing

Even after considering everything else timing could be the most important factor. If you are aware of your county's rating system you may desire to wait till your score would be the highest and consequently have the best chance of selection. If the fair market value of your farm has continued to rise, you may also want to wait until, in your opinion,

the farm reaches its peak fair market value, and in turn yield you the most money. You may also want to wait to see if any of your children desire to farm. You may also want to wait till the conservation easement would best work into your estate plan.

To Summarize

Be sure to thoroughly research all your options before you sell your farm's conservation easement. If possible talk to farmers that have sold their easements and learn from their experiences. Consult your family members and accountant to help make an informed decision that is right for you and your family.

Wye Field Day Features Wagon Tours

COLLEGE PARK, Md. — Are you interested in learning how to avoid Lyme disease, or curious about performance data on the newest corn or soybean varieties? Perhaps you would like a few tips on how modifying your diet can reduce your cancer risk?

The answers to these questions and many more await you at the 22nd annual Wye Field Day, set for August 23 at the University of Maryland Agricultural Experiment Station's Wye Research and Education Center.

The 1990 field day will again feature wagon tours of research on field crops and soils, horticulture, and animal sciences. The field crops tour includes information on new corn management systems, corn and soybean varieties, nitrate soil testing, and the effects of sludge application on nitrogen utilization.

The horticulture tour highlights new raspberry varieties, using integrated pest management to control insects in sweet corn, raising asparagus organically, and "fertigation" (delivering fertilizer through your trickle irrigation system).

The animal science tour features research involving the Wye Angus herd. In addition to an

overview of Wye Angus research projects, you can learn how to design a beef cattle handling facility, set up vaccination programs, and discover the role that genetics plays in your herd's ability to resist parasites.

There will be three 30-minute morning clinics: "Lyme Disease — How to Deal With It"; "Prevention and Control of Wildlife Damage"; and "Alternative Income Opportunities From Your Natural Resources." The Lyme Disease Clinic will be presented twice; the other two clinics only once.

There are several 4-H youth activities scheduled, beginning in the morning with three concurrent sessions: horticulture judging contest, mock agricultural marketing, and a Wye Angus youth workshop. At 2 p.m. there will be a Wye Angus mock auction for interested youth.

The home economics program has morning and afternoon components. Starting at 9:30 a.m., there are four consecutive half-hour sessions: "Reducing Your Cancer Risk with Diet"; "Diet and Health Fraud"; "Environmentally Safe Home Cleaning"; and "Seafood Safety."

The first afternoon session, "Food Safety of Fruits and Veget-

ables," begins at 1:30. The last, "Selecting and Grilling Seafood," begins at 2:30.

At 11:30 a.m. at Wye Woods, the new Wye Laboratory will be dedicated in honor of Mr. Arthur A. Houghton Jr. A generous supporter of the University of Maryland, Houghton played a key role in the formation of the Wye Research and Education Center.

There are four consecutive half-hour educational seminars after lunch. They begin at 1:30 with "Agriculture Market Update," followed by "Agricultural Policy," "Farmland Preservation," and "Water Table Management and Environmental Implications."

The afternoon also features tours of the historic formal gardens at the Wye Plantation Manor House, a crab feast, and exhibits, including an information booth for the College of Agriculture and College of Life Sciences at the University of Maryland at College Park.

The Wye Research and Education Center is located near Queenstown on Maryland's Eastern Shore, 3½ miles south of U.S. Route 50 on Carmichael-Wye Neck Road. Watch for the Cheston Lane Entrance road about ½ mile beyond the Carmichael Methodist Church.


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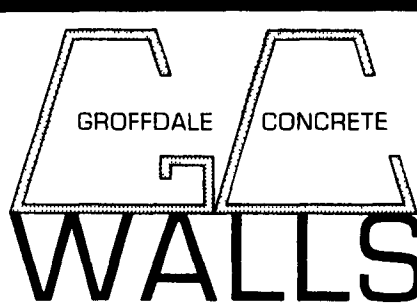
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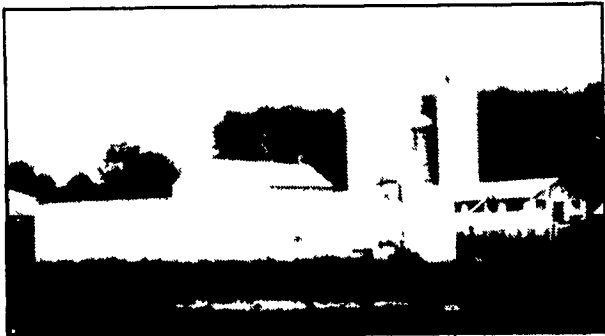
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