

'Rate Of Interest' In Preserving Farms Grows

MICHELLE RANCK
Lancaster Farming Staff

LANCASTER (Lancaster Co.) — The county's farmland preservation waiting list may soon become shorter.

Officials from the State Bureau of Farmland Preservations met with approximately 100 pro-

ducers from Lancaster County to discuss the new, voluntary Installment Purchase Agreement (IPA) Program at the Farm and Home Center Wednesday evening.

Although more than 1,500 farms have been preserved across the commonwealth, 1,600 are on

the waiting list. Two years ago, a pilot program was established to accelerate the rate of farmland preserved.

"The genesis of this program came from a realization in the department of agriculture that the capital gains tax can claim almost one quarter of the sale price when the landowner sells appreciated property," said speaker Pat O'Connell, Evergreen Capital Advisers, Princeton, N.J.

"This makes landowners reluctant to sell their easements if they wouldn't get enough money to make it worth their while."

The solution, said O'Connell, is the installment purchase plan.

The new IPA program should be popular with both parties.

In short, the advantage is that producers receive more than if they would get paid cash at closing. On the other hand, counties could leverage funds to buy more easements up front rather than over time when there are less farms available.

The program offers landowners capital-gains tax deferral. Producers can sell easements using agreements that defer all or part of the purchase price for up to 30 years.

The increase comes from the interest payment made until the principal is paid.

The second benefit is that the interest paid is not subject to federal or Pennsylvania state income tax.

Lastly, the seller can elect an installment method for reporting of capital gain from the sale. Capital gain from the installment sale may be deferred until the seller receives the purchase price.

The agreement is a contract between the New Garden General Authority and the property owner selling development rights. In the IPA, the Authority will pay the purchase price for an easement by the end of a period as long as 30 years. The landowner will be paid interest on the outstanding purchase price from agreement closing until the purchase price is paid to the seller.

"Counties could use state grants to buy acreage on treasuries to cover the payments due, and secure many IPAs with the treasuries. The county saves money up front, allowing it to reach a lot deeper into its waiting list — that every county has — of farmers who want to participate in these agreements," said O'Connell.

get more interest from the investment done by the county.

Deferral of payment of the purchase price for up to 30 years is expected to allow counties to make as many as five times more purchases than could otherwise be made over the short term.

Questions Answered

Once the seller enters into the sale agreement, that interest rate is locked in as a minimum interest rate. If the rate increase between the time the offer is made and the day of closing, they will receive a rate based on the market immediately prior to closing.

In the deed the owner agrees to use or maintain the property for agricultural purposes.

Payment of interest would be twice a year until the purchase price is paid. The landowner can also receive cash as determined in the agreement.

The IPA has no effect on ownership of the property. The landowner is free to sell the property at any time under the terms of the deed of easement.

After selling the property the seller would continue to receive the interest payments due under the IPA. The IPA can be sold to an investor or given away after one year.

The purchase price of the easement is established at the time that the seller signs the deed of

Counties put aside less up front, so the seller can

(Turn to Page A30)



Working together to preserve farmland are, from the left, presenter Pat O'Connell, Evergreen Capital Advisers, Princeton, N.J.; June Mengel, director, Lancaster County Ag Preserve Board; and Raymond Pickering, director, bureau of farmland preservation, Harrisburg.



Act now!
This offer ends April 16.

Get ready for a new season of savings!

Lock in your best diesel deal by April 16, 2001.

PREPAY THE SEASON

89.9¢

PER GALLON

Prepay your year's diesel needs and enjoy even greater fixed-rate savings. Take delivery as you need it.*

OR

PAY AS YOU GO

94.9¢

PER GALLON

Lock in this great fixed-rate on diesel fuel by paying within 10 days of each delivery.*

Or take up to 15 days to pay at a rate of 96.9¢ per gallon.

Enjoy the security of fixed-rate fuel all season!

Call today for your **2001 Off-Road Diesel Plan** enrollment form. We'll get you set up for savings on the exact quantity of low-cost fuel you'll want through November 15th. Rely on Carlos R. Leffler, Inc. to help manage costs on this key farm input. We offer a complete range of products and services for all your energy needs, too. Remember: This fixed-rate diesel plan offer expires April 16, so enroll today!

To request your enrollment form, call:
1-877-496-8764

CARLOS R. **LEFFLER** INC.

*Fixed-price offer available only to customers within our service territory — including the Pa. counties of Adams, Berks, Chester, Cumberland, Dauphin, Franklin, Lancaster, Lebanon, Lehigh, Montgomery, Perry, Schuylkill and York. The Pay-As-You-Go price reflects 2¢ per gallon prompt-pay discount. Fixed-price offers valid for credit-approved customers registered by April 16, 2001. Fixed-price program is available for off-road diesel fuel purchases made from April 1, 2001 through November 15, 2001 while supplies last. Your fixed-rate plan will expire after taking the final delivery of the predetermined overall amount of fuel that you arrange for in the Farm Diesel Plan contract. Premium off-road diesel fuel is available for an additional payment of 2¢ per gallon.

BUY NOW AND SAVE!




Goldsboro, NC
800/322-1871

Used, Rebuilt & New Tractor, Combine & Cotton Picker Parts

- The World's Largest Inventory of Quality Used Parts
- Warranty On All Parts
- Parts In Stock & Ready to Ship
- Same Day Shipping on orders received by 2pm

The Right Parts At The Right Price!
Online catalog -- www.worthingtonagparts.com

RANGER
POLARIS



If you've got a lot of land to cover and hard work to do, take a Polaris **RANGER** or **BIG BOSS 6x6**. Nothing beats them for farm work, construction, hunting and other recreational uses. Your choice.

LeROY'S SNOWMOBILES
1004 Highpoint Road
Cochranville, PA 19330
610-593-6280