There is no evidence that the California Land Conservation Act of 1965 has "conserved" agricultural land.

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Concern over conversion of agricultural land to other uses led to passage of the California Land Conservation Act of 1965 (CLCA). Also called the Williamson Act (after its author, Assemblyman John C. Williamson) this program has three major objectives:

- To preserve a maximum amount of available agricultural land to maintain California's agricultural economy and ensure an adequate food supply for the nation's future.
- To discourage premature and unnecessary conversion of agricultural land to urban uses.
- To maintain farmland in developing areas as valuable open space for existing and pending urban developments.

The California Land Conservation Act is enabling legislation that provides for binding contracts between local governments (counties or cities) and landowners. Local governments are not required to participate in the program; contracts are usually initiated by landowners. The landowner agrees to restrict his land to agricultural or related use for at least 10 years in return for use-value assessment for property taxes. Because agricultural use-value of California land is typically lower than market value, the landowner can reduce property taxes by temporarily forfeiting development rights.

The basic contract has several important features. Although the minimum length of contract is 10 years, it may be longer; Sacramento County, for example, has a 20-year contract. Contracts are automatically renewed each year, unless one party gives notice of nonrenewal. Notice of nonrenewal results in a programmed return to market-value assessment for the remaining life of the contract. Cancellation can be requested by either party to the contract but, to become effective, must be approved by all parties and by the State Director of Agriculture. Contract cancellation obligates the landowner to pay a penalty equal to 50 percent of the new assessed value of the property (12½ percent of market value) unless waived by the Director of Agriculture as being in the public interest.

Progress of the Act

County data on the rate and level of sign-ups for fiscal year 1975-76, as compared with earlier years, indicate that many counties are nearing a ceiling in land that is likely to be placed under the California Land Conservation Act. Thus, substantial amounts of prime land are, and will continue to be, subject to urban development.

The CLCA has been a source of controversy since its inception, and the ability to accomplish its objectives is questioned. The problem, briefly stated, is: Can a voluntary program that offers property tax reduction secure participation in the face of highly profitable development expectations? An accumulation of data on the Act permits some tentative conclusions.

After a slow beginning, landowner
and county participation in the CLCA increased substantially. There were only 200,000 acres in six of California's 58 counties participating in the Act during the 1967-68 fiscal year (table 1). This increased to some 4.2 million acres in 37 counties in fiscal 1969-70 and to 14.4 million acres in 47 counties during fiscal 1975-76. The 1975-76 level of participation represents approximately 40.4 percent of California's total land in farms and 45.9 percent of available farmland in the 47 participating counties.

CLCA provisions emphasize enrollment of the most productive, or prime, agricultural land. Although definition of land productivity is difficult and subject to change through time, the Act has established several criteria for classifying prime land. Using these criteria, the California Department of Water Resources estimated that California had 12,621,700 acres of prime land in 1974. Prime land has represented more than 30 percent of total land enrolled under the Act since 1972-73 (table 1). The 4.37 million acres of prime land enrolled in 1975-76 represented just over one-third of total prime land available and almost 41 percent of the prime land available in participating counties.

There is substantial county-to-county variation in the percentage of farmland and prime land enrolled under the CLCA. Only 21 of the 47 counties participating have more than one-half of available farmland enrolled, and only seven counties have more than one-half of available prime land enrolled (table 2). A comparison of the percentage of total land under the Act with the percentage of prime land under the Act in each county indicates a lag in the inclusion of prime land. The percentage of prime land sign-ups is equal to or greater than the percentage of total farmland sign-ups in only nine counties.

Empirical analyses also raise questions concerning the performance of the Act. A case study of land under contract in 11 central California counties found that farmland near incorporated areas was much less likely to be under contract than was more remote land. Another study found that initial land sign-ups were concentrated in below-average, non-prime agricultural land located some distance from incorporated areas. Much of the land under contract was in little or no danger of being converted to non-agricultural use, whereas much land not under contract is viewed by its owners as having development potential.

Because many participating counties are nearing a ceiling in sign-ups of land, annual increases in participating acreage will decrease in these counties and in the state.

Property tax reductions under CLCA can have a significant fiscal impact on local government and school districts, because these property taxes are either
lost or shifted to other taxpayers. The tax revenue difference to counties as a result of land being placed under the Act in 1975-76 was almost $22 million. The estimated total tax difference (city, county, school, and other district taxes) was $69 million. This was less than 1 percent of total property taxes levied in the participating counties in fiscal year 1975-76. The impact, however, was quite variable. For example, the tax revenue difference due to the Act was 15.6, 12.3, and 11.0 percent, respectively, in Kings, San Benito, and Tulare counties. Estimated per-acre tax shifts ranged from $0.01 in Monterey County to $11.11 in San Bernardino County (table 2). California does provide subvention payments to school districts and to local governments to offset partially the fiscal impact of the Act. Reimbursements amounted to $14.4 million in 1974-75.

California has had a decade of experience with a voluntary program to preserve agricultural land. Although CLCA has undoubtedly provided property taxation consistent with long-term agricultural use in many areas, there is no evidence to indicate that it has "conserved" agricultural land. Substantial amounts of California's best agricultural land will continue to be subject to development, despite the significant public investment in this program.

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