



# Use-value assessment

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

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**C**oncern 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 land conservation

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

TABLE 1. LANDOWNER AND LOCAL GOVERNMENT PARTICIPATION IN THE CALIFORNIA LAND CONSERVATION ACT OF 1965, 1967-68 TO 1975-76

Fiscal year	Total acres under contract	Acres of prime land	Counties participating
1967-68	200,000	Not available	6
1968-69	2,061,968	131,273	23
1969-70	4,249,374	572,611	37
1970-71	6,234,052	1,653,716	39
1971-72	9,562,658	2,622,648	42
1972-73	11,476,416	3,428,437	44
1973-74	12,719,389	3,914,988	45
1974-75	13,742,978	4,179,752	47
1975-76	14,427,087	4,371,027	47



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 \$.01 in Monterey County to \$111.51 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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TABLE 2. THE CALIFORNIA LAND CONSERVATION ACT: LAND UNDER CONTRACT BY CATEGORY AS A PERCENT OF LAND AVAILABLE AND ESTIMATED TAX SHIFTS BY COUNTY, 1975-76 FISCAL YEAR

County	Land under contract				Estimated tax shift for land under the Act
	Total land	Percent of farmland	Prime land	Percent of prime land	
	acres		acres		\$ per acre
Alameda	164,080	56	7,408	20	9.62
Amador	87,555	34	2,015	34	2.33
Butte	126,837	23	39,696	18	2.40
Calaveras	115,300	47	1,463	31	1.13
Colusa	199,388	41	0	0	.06
Contra Costa	79,617	25	4,744	6	10.75
El Dorado	182,830	81	1,748	25	1.49
Fresno	1,421,171	84	935,489	75	5.22
Glenn	254,836	48	33,167	17	.55
Humboldt	91,351	12	0	0	.85
Kern	1,644,419	62*	792,634	46	3.50
Kings	607,337	85	487,041	83	5.58
Lake	42,602	24	4,194	12	2.27
Lassen	56,440	9	11,120	11	.29
Los Angeles	40,033	7	0	0	19.19
Madera	436,621	57	163,416	61	1.87
Marin	89,985	51	9,532	28	8.90
Mendocino	1,050,790	57*	15,030	35	.85
Monterey	618,234	42	47,291	19	.01
Napa	62,435	28	7,114	8	1.09
Nevada	2,310	3	0	0	4.20
Orange	71,184	39	8,810	14	22.72
Placer	130,084	62	15,313	39	3.20
Plumas	92,792	73	0	†	1.23
Riverside	73,011	12	48,553	10	34.01
Sacramento	223,199	43	90,398	48	8.96
San Benito	535,856	74	51,719	61	1.76
San Bernardino	12,940	1	10,211	2	111.51
San Diego	115,301	19	17,433	9	9.84
San Joaquin	452,415	52	303,758	46	9.45
San Luis Obispo	577,724	37	57,507	39	2.30
San Mateo	45,223	54	1,572	18	10.50
Santa Barbara	460,791	48	51,057	28	7.69
Santa Clara	349,262	73	19,316	28	9.34
Santa Cruz	12,239	20	2,201	9	18.73
Shasta	101,525	19	9,680	20	1.65
Sierra	35,337	69	0	†	.74
Siskiyou	259,635	34	23,150	10	1.14
Solano	250,269	70	100,357	58	5.99
Sonoma	243,985	37	15,842	15	7.12
Stanislaus	570,678	75	182,348	43	5.45
Tehama	643,231	58	34,818	32	1.57
Trinity	6,816	7	0	0	1.57
Tulare	973,069	73	469,113	67	7.19
Tuolumne	199,893	63*	0	†	1.89
Ventura	135,785	31	42,638	32	31.58
Yolo	435,006	77	244,435	72	2.35
Total Counties	14,381,421	46	4,363,331	41	4.69
Cities	45,666		7,696		38.57
Total	14,427,087		4,371,027		4.79

Source: Data on total land and prime land under contract from the California Resources Agency, data on land in farms from the U.S. Bureau of Census, and data for total prime land from the California Office of Planning and Research.

\* Based on total private land rather than on land in farms.

† No prime land in the county.