

## Key Points

September 2004

## ***Farm and Ranch Lands Protection Program***

---

- The Farm and Ranch Lands Protection Program (FRPP) is reauthorized in the Farm Security and Rural Investment Act of 2002 (Farm Bill) to protect working agricultural land from conversion to non-agricultural uses.
- The 2002 Farm Bill expands the program beyond State and local governments to include non-governmental organizations as eligible entities. It also makes farm and ranch land containing historical and archaeological sites eligible.
- The 2002 Farm Bill allows a State, Tribal, or local government or non-governmental organization to supplement its share of the easement cost through a landowner's donation.
- Since 1996, the program has provided matching funds to State, Tribal, and local governments with existing farm and ranch land protection programs to purchase permanent conservation easements. As of the end of fiscal year 2003, more than 300,000 acres of farm and ranch land have been protected in 42 states.
- To be eligible, the non-governmental organization must:
  - Be organized principally for the preservation of land areas for recreation, open space, historical preservation, and natural habitat;
  - Be operated exclusively for charitable, religious, or educational purposes, with no part of its net earnings paid to any private shareholder or individual, and no substantial part of its activities engaged in influencing legislation or intervening in any political campaign for or against a candidate for public office; and
- Normally receive more than one-third of its support in each tax year from any combination of gifts, grants, contributions, or membership fees; and normally receive not more than one-third of its support in each tax year from the sum of gross investment income.
- All conservation easements are held by the eligible entity.
- To qualify for FRPP, the land offered must be part or all of a farm or ranch and must:
  - Contain prime, unique, or other productive soil or historical or archeological resources;
  - Be included in a pending offer from a State, Tribal, or local government or non-governmental organization's farm or ranch land protection program;
  - Be privately owned;
  - Be covered by a conservation plan for any highly erodible land;
  - Be large enough to sustain agricultural production;
  - Be accessible to markets for what the land produces;
  - Be surrounded by parcels of land that can support long-term agricultural production; and

- Be owned by an individual or entity that does not exceed the Adjusted Gross Income (AGI) limitation.
- The AGI provision of the 2002 Farm Bill impacts eligibility for FRPP and several other 2002 Farm Bill programs. Individuals or entities that have an average AGI exceeding \$2.5 million for the three tax years immediately preceding the year the contract is approved are not eligible to receive program benefits or payments. However, an exemption is provided in cases where 75 percent of the AGI is derived from farming, ranching, or forestry operations.
- Historical and archaeological resources on farms and ranches that may be protected under FRPP are:
  - Listed in the National Register of Historic Places (established under the National Historic Preservation Act (NHPA), 16 USC 470, et. seq.); or
  - Formally determined eligible for listing in the National Register of Historic Places by the State Historic Preservation Officer (SHPO) or Tribal Historic Preservation Officer and the Keeper of the National Register, in accordance with Section 106 of the NHPA; or
  - Formally listed in the State or Tribal Register of Historic Places of the SHPO or the Tribal Register of Historic Places.
- The NRCS share of the conservation easement cannot exceed 50 percent of the appraised fair market value of the conservation easement. As part of its share of the cost of purchasing a conservation easement, a cooperating entity may include a charitable donation by the landowner not to exceed 25 percent of the appraised fair market value of the conservation easement. As a minimum, the cooperating entity shall provide, in cash, 25 percent of the

appraised fair market value or 50 percent of the purchase price of the conservation easement.

### ***For More Information***

If you need more information about FRPP, please contact your local USDA Service Center, listed in the telephone book under U.S. Department of Agriculture, or your local conservation district. Information also is available on the World Wide Web at: <http://www.nrcs.usda.gov/programs/farmbill/2002/>



Visit USDA on the Web at: <http://www.usda.gov/farmbill>

**Note:** This is not intended to be a definitive interpretation of farm legislation. Rather, it is preliminary and may change as USDA develops implementing policies and procedures. Please check back for updates.