

Protect Your Vineyard Land Preserve Your Legacy

**An introduction to working land conservation
easements for Oregon vineyard owners**



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ABOUT WORKING LAND CONSERVATION EASEMENTS

Oregon is known for its beautiful vistas, open spaces, and world-class wine. The state’s diverse microclimates, slopes, and soils produce excellent grapes from the Rogue Valley to the Willamette Valley to the Columbia Gorge.

It goes without saying that **land is critical to winegrape production**. Land not only provides the place to grow the grapevines, but just as importantly provides the nuances of flavors and aromas that characterize great wines.

In addition to hosting vines and the agricultural buildings and wineries that support the vineyards, this land also often contains critical habitat — in particular, oak savannas and prairies. Land is also often the primary economic asset for an agricultural business, creating both opportunities and challenges for dividing up a family estate.

Yet land and the agricultural business and habitats that depend upon it face strong challenges.

- **Intergenerational Transition:** An unplanned succession can make it more difficult to pass the property to a local owner/operator, and the expense of succession can result in fragmentation, development, or removal of natural resources on the property.
- **Affordability:** Owner/operators who participate in the local community and economy are often priced out by investment and amenity buyers. As a result, farmers without an inheritance find it impossible to enter the industry.
- **Agricultural Land:** Despite Oregon’s land use program, we’ve lost 43,000 acres from Exclusive Farm use since 1987. Future vintners will depend on the future of Oregon’s vineyard land.
- **Conservation:** Absentee owners or those with an urgent need to recoup their costs sometimes farm fencepost-to-fencepost, removing Oregon’s remaining oak habitats that were once safe in the formerly unfarmed slopes of our valleys.



“If your philosophical family objective is to perpetuate agriculture and to ensure that the property — whether it’s in your family’s hands or a future family’s hands — is going to be in agriculture, this is one of the very few, maybe the only mechanism, to make sure that this occurs.”

**Ted Hall | Long Meadow Ranch
Napa County, CA**

To help address these economic and conservation issues, vineyard owners in Oregon and other states have used a tool called a **working land conservation easement** (“easement”). These are voluntary contracts where the landowner removes some of their development rights and a land trust enforces that decision in perpetuity.

Easements have three primary benefits:

CONSERVATION:

The land stays available forever for agriculture and (where you’ve designated it) habitat.

FINANCIAL:

The landowner receives a tax deduction and/or cash in exchange for the value of the property rights they gave up.

AFFORDABILITY:

Land is priced at its agricultural value, making it more affordable.

This introductory guide explains how and why a vineyard owner might convey a working land conservation easement. It is offered by **Oregon Agricultural Trust (OAT)**. OAT is a 501(c)(3) nonprofit land trust that works exclusively with landowners who wish to protect agricultural land along with its associated forest or habitat. We also offer succession and business counseling and education.

Quotes in this guide are from our video on Napa County vineyard owners who donated easements: oregonagtrust.org/vineyard. OAT’s resource page features a guide on easements for producers (Straightshooter’s Guide to Easements), as well as the Plan & Protect video series and guidebook on how to use easements for business purposes oregonagtrust.org/resources

HOW WORKING LAND CONSERVATION EASEMENTS WORK

Working Land Conservation Easements...

- Don't give away your land.** You still own the land and can sell or devise it **Last forever**, in most cases, and are very difficult to terminate
- Run with the land**, and bind all future landowners to the restrictions that you create
- Can be customized in size** to cover multiple properties or part of a single property
- Can include zones**, which may exclude buildings or include habitat management areas

Common Terms in Vineyard Easements

Working land conservation easements can be used to restrict a variety of property rights on vineyard land. Despite Oregon's strong land use program, over 60 non-farm rights exist on land zoned for **Exclusive Farm Use**. That includes the right to build a farm dwelling, winery, destination resort, etc. Easements can even ensure that the land stays in ag production, like giving the land trust the option to purchase the land at agricultural value if it's sold to a non-owner/operator.

While it is possible to require certain ag practices (e.g. requiring organic certification), these restrictions can be difficult to monitor, easy to violate, and unlikely to affect the appraised value of the easement. For that reason, OAT strongly prefers leaving these terms out of an easement.



"Once you make a decision to put your farm into an easement... you can still operate. No one tells you how to farm. No one tells you what to do with your land unless it's been specifically restricted. About once a year they come and check to make sure that you haven't doubled the size of your house or built some new buildings, but really it's a pretty perfunctory kind of thing. We're in the process of digging a new well. We didn't have to check with them. That's an agricultural use."

John Williams | Frog's Leap Winery
Napa County, CA

HOW TO CONVEY AN EASEMENT

6–12 months for donated easements, 2–3 years for grant-funded

- 1

Find an easement holder
(land trust or soil and water conservation district) to work with
- 2

Negotiate terms of the easement with the easement holder
- 3

Build your team of professionals: attorney, lender, accountant, appraiser
- 4

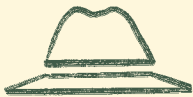
Easement appraisal.
Easements are the difference between two appraisals: the property value before the easement and the property value after the easement. Landowners receiving a tax deduction must pay for their own appraisal.
- 5

Due diligence and (if desired) grant applications, conducted by the easement holder
- 6

Close on the easement.
Landowners usually pay for some of the land trust's costs, and contribute to a stewardship fund which pays for annual monitoring in perpetuity.

After the Easement

The easement holder undertakes annual monitoring of the protected property and may enforce the easement if there are violations.



Landowner
receives tax deduction and/or cash in exchange for extinguishing some of the property rights



Future Landowners
can buy the protected land at agricultural value



Agriculture
is supported when the land base is permanently protected by easements



Conservation
is served from habitat protection and reduced development

————— **Win** ————— **Win** ————— **Win** ————— **Win** —————

BENEFITS OF WORKING LAND CONSERVATION EASEMENTS

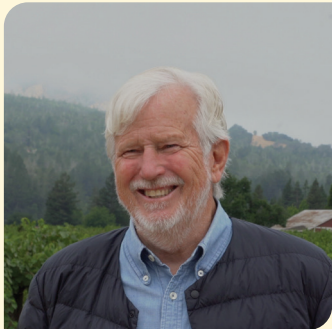
Business Benefits

(See OAT’s Plan & Protect Toolkit for greater detail on the business benefits of easements.)

Succession: It can financially strap a business to pay estate taxes, attorney fees, and non-farming heirs. Easements can allow landowners to access cash from their land today while keeping it in agricultural production. Donated easements reduce the total estate’s value, thereby reducing future estate taxes.

Affording Land: Easement funds or taxes saved can be used to pay off an existing mortgage or to reduce the purchase price if the seller is interested in helping to reduce the property value to a future buyer. Easements generally reduce the property value by 25 – 40%.

Donation: Easement donors receive a tax deduction that they can carry forward over 16 years. Landowners who earn most of their revenue from agriculture can deduct 100% of their adjusted gross income (AGI) each year, and non-farmers can deduct 50% of AGI per year. Landowners may also donate their land to OAT, which can protect it and sell it at agricultural value.



“I don’t want to make it seem as if this was all altruistic. I mean, this was an important business decision for us. This generated a very large tax deduction... That benefited us amazingly especially as we were in a growing situation where we wanted the winery to have that cash returned to the business.”

John Williams
Frog’s Leap Winery
Napa County, CA

Conservation Benefits

Agricultural land is being lost at a rapid rate in Oregon. Working land easements prevent fragmentation and development and keep the land in production for future generations. Keeping your working lands working for the future is a conservation goal.

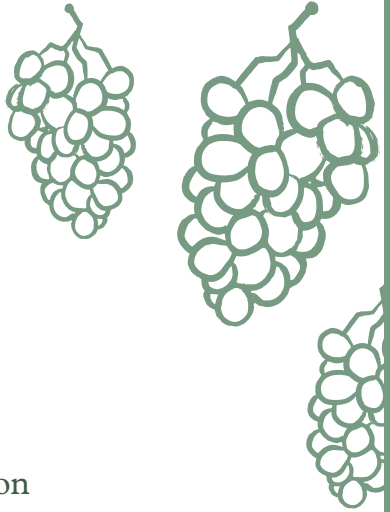
Oak habitat supports >200 wildlife species, yet only <3% of the oak savanna that existed prior to Western colonization remains in the Willamette Valley, 90% of which is on private land. Protecting vineyard land from development and fragmentation can protect associated oak habitat and facilitate restoration work. The landowner may even decide to designate less productive land to be set aside for habitat through an easement.

Climate: According to American Farmland Trust, ag land releases 58–70 times fewer greenhouse gases than developed land and provides opportunities for carbon sequestration.



“We’ve seen what’s happened to many parts of {California} and I think it’s just incumbent upon all of us who have the privilege of being caretakers of these lands that we do something about it, because if we don’t do it, who will?”

Tom Davies | V. Sattui Winery
Napa County, CA



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