



FARMLAND FOREVER

PROTECTING YOUR FARMLAND WITH AN
AGRICULTURAL CONSERVATION EASEMENT

Alaska Farmland Trust • Our mission is to protect Alaska's farmlands with agricultural conservation easements to build a food-secure state for future generations.



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Safeguarding the Future of Your Farmland

Dear Farmland Owner,

Across Alaska, productive farmland is a scarce and irreplaceable resource that is rapidly disappearing. Safeguarding food-producing soils is more critical now than ever, and Alaska Farmland Trust exists to work with farmland owners to permanently protect this vital natural resource.

Too frequently, farmland is sold and lost forever to non-agricultural development. Nationally, 2,000 acres of farmland are lost each day, and Alaska is no exception to this alarming issue.

This often occurs because farmland owners feel they have no choice but to sell acres of their land when faced with retirement and financial constraints. In other cases, when the land is passed on to the next generation, heirs may be compelled to sell the land to pay high estate taxes.

Once sold, subdivided, used for gravel extraction, or paved over, there is no way to reclaim vital Alaskan farmland.



There is, however, an alternative option: securing an agricultural conservation easement with Alaska Farmland Trust.

Through this option, you have the choice to safeguard your farmland's future, gain financial benefits for conserving your farmland, and help build a food-secure future for your community.

The impacts of farmland conservation are abundant and essential — by preserving food-producing soils, we strengthen Alaska's agricultural economy, nourish thriving food markets, and ensure fresh, locally-grown produce is available for future generations.

Thank you for considering an easement with Alaska Farmland Trust and for joining the ranks of farmers taking action to guarantee that Alaska has farmland, *forever*.

Sincerely,

Leslie Senden, President
Board of Directors





"Every day, 2,000 acres of agricultural land are paved over, fragmented, or otherwise taken out of production." ¹

-American Farmland Trust

Protecting Your Farmland with an Agricultural Conservation Easement

The most traditional tool for conserving private farmland is an **agricultural conservation easement**, a legal and voluntary agreement between a landowner and land trust that permanently limits the uses of the land to protect its agricultural values. At its core, an easement prevents non-agricultural development of the farmland and ensures that it remains available to be farmed by future generations.

By permanently removing the non-agricultural development rights, the property can no longer be subdivided for residential or commercial use. The landowner remains the property owner and can sell or pass it to heirs. An easement may apply to all or a portion of the property and need not require public access. The land remains subject to the restrictions of the easement with future owners.

Every easement is unique in its restrictions and acceptable uses, which the landowner and land trust determine together throughout the process of the project. Once finalized, the land trust is responsible for ensuring that the easement terms are followed in perpetuity, which is done through annual stewardship.

At **Alaska Farmland Trust**, we look forward to beginning this conversation and working with you to preserve your farmland, *forever*.

FAQs

Frequently Asked Questions

Who is Alaska Farmland Trust (AFT)?

Alaska Farmland Trust (AFT) is a private, non-profit land trust dedicated to assisting landowners in protecting their agricultural land. The most common tool we use to protect farmland is an agricultural conservation easement.

Do I still own the land once the easement is placed? And can I sell it or pass it to heirs?

Yes, you retain ownership of the land and the ability to sell it or pass it to heirs. The easement will follow the land in perpetuity regardless of ownership.

How will an easement affect my farming?

An easement will likely not require you to change how you farm. Because we work with you to develop the easement, you can decide what activities and practices you want to continue. You can also make agricultural-related improvements, repair existing structures, construct agriculturally-related structures, and potentially build future residences.

Is public access required?

No, public access is not a requirement of an agricultural conservation easement.

Do future landowners have the ability to terminate the easement?

No, as the easement holders, we are bound to protect the land in perpetuity.

How long does the easement process take?

Fully-Donated Easements can take anywhere from 6-12 months, while Partially-Funded Easements can take upwards of 2 years. Given that we work with federal partners on our Partially-Funded Easements, we must meet their additional requirements throughout the process, which can take longer. Read the Easement Methods section (Page 6) for more information.



FAQs

Continued

Does AFT benefit financially from an easement?

No, AFT incurs numerous costs when protecting farmland. We acknowledge that this process can be financially out-of-reach for many farmers, so we do everything possible to offset the costs.

Who pays the taxes on the land?

You will still be responsible for paying the taxes on the land. However, an easement may lower your tax burden significantly. Please contact your financial or tax advisor to determine how an easement will impact your taxes.

What are the costs and financial benefits?

The cost for each easement will vary depending on a number of factors, and there are numerous tax incentives for landowners who place an easement on their property. Read the Benefits and Costs section (Pages 9-12) for more information.

How do you calculate the value of an easement?

The value of an easement is the difference between the fair market value of the property without the easement and the fair market value of your property with the easement. For example, if your land is appraised at \$1,000,000 without the easement and \$400,000 with the easement, then the easement's value is \$600,000.



Does my land qualify for an easement?

Agricultural Conservation Easement projects (aka Farmland Forever projects) are selected based on established criteria, such as soil type, development pressure, and other factors. After we receive your application, our staff and Lands Committee will meet to determine if your property meets the criteria to qualify and if we have the capacity for the project.



Which Easement Method is Right for You?

Depending on the needs and wishes of each landowner and the property's attributes, we primarily use either of the following two easement methods to help you conserve your farmland.

Partially-Funded Easement

With a Partially-Funded Easement, we work with federal funding partners to purchase the easement at less than fair market value. The landowner receives a cash payout, approximately 50% of the easement value, at closing and is entitled to a charitable income tax deduction based on the donated portion of the easement. Given the additional requirements that we must meet with this method, the process can take upwards of 2 years to complete.

Fully-Donated Easement

With a Fully-Donated Easement, the donation of the development rights is considered a non-cash charitable contribution by the IRS. The landowner is eligible for an income tax deduction for the total fair market value of the easement. Typically, donated easements are a faster route to protecting farmland, with closing occurring 6-12 months after the project begins.



Mountain Field Farm

Fully-Donated Easement Testimonial

After seeing so many farms disappear in her hometown over the years, in 2018, Sarah decided to protect her farmland and fully donate the development rights to Alaska Farmland Trust. Within a year, Sarah's farmland was successfully protected with an Agricultural Conservation Easement, fulfilling her hopes that it would stay farmland forever. Her dream of the farm becoming a working farm again and a gathering place for her family and small town community of Palmer is now coming true.

Today, the farm produces hay, cut flowers, and mixed vegetables and operates a farm stand on-site to sell the produce locally.



**“Whether it's 15 or 200 acres,
all farms have value and
deserve to be saved.”**

Sarah Phipps
Landowner
Mountain Field Farm

16 Acres of Farmland Forever



The Moffitt Farm

Partially-Funded Easement Testimonial

The Moffitt Farm, located just north of Palmer, has been a working farm for the last eight decades and was once a dairy run by Tracy's father and uncle. Met with challenges that farmers face across the nation, the family had to sell off portions of the property to help pay for farming and the retirement of aging parents. Determined to stop the loss of their farmland, Kathy and Tracy began working with Alaska Farmland Trust to protect 96 acres in perpetuity and closed on their Farmland Forever project in 2023.

“The biggest benefit of the easement is knowing that the farmland is going to be protected. It secures the legacy of the farm and our passion for farming.”

Kathy & Tracy Moffitt
Landowners
The Moffitt Farm

Today, the farm raises a herd of beef cattle, featured at 49th State Brewing Company in Anchorage, and hay for its animals.





Benefits & Costs

Landowners who donate an easement may be eligible for federal income tax deductions. Charitable deductions can be applied towards offsetting your income and capital gains taxes. Looking further down the road, they also reduce the potential of future estate taxes. Congress has enacted significant tax benefits to encourage private landowners to conserve their land voluntarily, and most recently in 2015, they made even greater permanent tax benefits for the donation of easements to land trusts.

Federal Tax Benefits

The amount of a donor's income tax savings will depend on the easement's appraised value. A certified real estate appraiser determines the easement's value, measured as the difference between the property's value with and without the easement in place. Typically, the difference between the before and after values becomes the easement's value and the charitable contribution amount.

For example, consider a property worth \$1,000,000 without an easement; this price often reflects a value for future non-agricultural development potential. After an easement is put in place, forever restricting future non-agricultural development, the property may be worth \$400,000. The easement is, therefore, valued at the difference between these prices, in this example at \$600,000. This amount is also considered the charitable tax-deductible contribution amount.

Federal tax law allows for generous use of charitable deductions attributable to easements. Contributions of easements are deductible up to 50% of your adjusted gross income in the year of the donation and up to 15 years in the future for any unused contribution amounts. The easement deduction is exempt from the alternative minimum tax calculation. This is a tax treatment more favorable than almost any other type of charitable contribution.

Estate Planning & Tax Benefits

The federal estate tax is assessed on the property's fair market value at the time of the landowner's death, not on the original purchase price or current use value; this can be a significant and potentially debilitating tax burden for farm families whose land values have appreciated over time. Many times the appreciated value is primarily due to increased development value. Sometimes caught unaware and without the benefit of estate planning, families may have to subdivide and sell some or all of their land just to meet estate tax obligations. Easements can be a valuable tool to reduce estate tax liability, allow farms to remain in the family, and ensure the property's future use aligns with your values.

Property Tax Benefits

Given that you remain the owner, placing an easement on your property will not eliminate property tax burdens and you will continue to be responsible for all property taxes. However, it is common for property taxes to decrease as the land is assessed at its agricultural value once the easement is placed. It is important to note this can change depending on what borough you live in. If you wish to learn more about property tax benefits in your area, we encourage you to speak with your local borough office.

Cash Payments

For specific projects, we can find resources available for the purchase of the development rights, including accessing the USDA Natural Resources Service's Agricultural Conservation Easement Program (NRCS ACEP). This method is known as a Partially-Funded Easement (aka Bargain Sale or Easement Sale), where the landowner agrees to accept less than fair market value for an easement on their property, as established by a qualified appraisal. Typically, 50% of the easement's value is purchased in a Partially-Funded Easement transaction, and the landowner receives the cash at closing. Landowners can make a tax deduction for the remaining 50% donated portion of the easement's value. As funding sources such as NRCS ACEP have specific project requirements, our Lands Committee assesses each property on a case-by-case basis to determine if funding is an option.



Estimated Transaction Costs

Alaska Farmland Trust

Service	Amount
Title Work	\$2,000-7,000
Easement Appraisal	~\$15,000*
Baseline Documentation Report	\$1,000-1,500
Survey	\$5,000-8,000
Mineral Rights Assessment	\$5,000-9,000
AFT Legal Expenses	\$5,000-7,000
Total	\$33,000-47,500

Landowner

Service	Amount
IRS Qualified Appraisal	~\$15,000**
Landowner Professional Expenses	~\$2,500***
Stewardship Fund (Tax-Deductible)	Based on easement value
Total	\$17,500+



*Required for projects partially funded by NRCS ACEP and not required for a Fully-Donated Easement.

**Required by the IRS for the easement donation to qualify as a charitable contribution.

***It is recommended that you seek independent professional advice concerning legal, tax, estate planning, and accounting matters.

IRS Qualified Appraisal

An appraisal is necessary if you wish to pursue a charitable tax deduction. It is required by the IRS that the landowner obtain a qualified appraisal to justify the value of the gift if the value exceeds \$5,000. We can suggest certified appraisers but cannot be involved in the appraisal. The IRS also has particular requirements regarding the timing of appraisal. We are more than happy to assist you in ensuring that you understand the steps and requirements of the process; however, we advise that you also work with an attorney and accountant throughout the process.

In the case of projects funded by NRCS ACEP, Alaska Farmland Trust is required to seek our own appraisal. Often, the appraiser who completes our appraisal can also complete your required IRS-qualified appraisal, which may cut your costs.

Stewardship Fund

Per land trust best practices, we must guarantee each property has the necessary stewardship funding before we close on an easement. The Stewardship Fund ensures that we have adequate resources to monitor and enforce the easement in perpetuity. This fund is necessary to cover staff time, expenses related to annual monitoring, and potential future legal costs associated with preserving the agricultural conservation values of the property.

Stewardship Fund costs for each project will differ based on the property characteristics, location, reserved rights, etc. Therefore, our staff utilizes a specific formula to calculate the necessary amount.

We never want finances to be a barrier to protecting your farmland. We will work with you to understand your ability to donate toward the Stewardship Fund. Contributions to the Stewardship Fund are considered charitable contributions and tax-deductible.





Timeline & Steps

Phase 1: Application (3-6 months)

- Application Submission
- AFT Lands Committee Application Review

Phase 2: Fundraising and Due Diligence (1-2 years)

- Title Search
- Grant Applications
- Mineral Remoteness Report
- Environmental Report
- Drafting the Easement
- Land Survey
- Easement Appraisal
- Baseline Documentation Report

Phase 3: Closing (6-9 months)

- Funder Approval of Easement Documents
- Final Board of Directors Approval
- Mortgage Subordination
- Signing & Recording of the Easement
- Stewardship Contribution
- IRS Appraisal & Form 8283



What's next?

Arrange a meeting with our staff to discuss your options.

Submit an Agricultural Conservation Easement application.



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