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RURAL NEW YORK STATE'S AGRICULTURAL DISTRICTS

By

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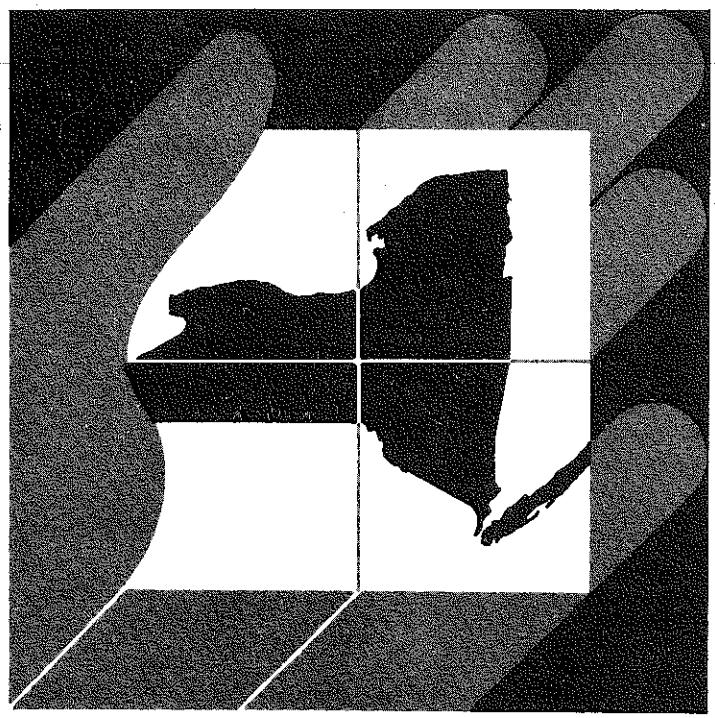
ABSTRACT

A new law in New York State is intended to encourage continued farming where speculation and other urban influences otherwise would bring it to an end long before nonfarm uses are ready to occupy all of the area. This law offers a package of aids and incentives to farmers who form agricultural districts under its provisions. It also provides some positive discouragements to nonfarm developments within these agricultural districts.

The New York agricultural district law is quite different from anything tried so far in any other state. It is believed that the package of provisions in the New York law will lead to the long term dedication of many areas to farming, but the law is constructed so that an orderly transfer of land from farming to urban uses is possible.



Rural New York State's Agricultural Districts

by H. E. Conklin, *Department of Agricultural Economics, Ithaca*

Agricultural districting is a relatively new device to prevent urban scatteration and speculation from destroying good farmland. Since September 1971, New York State has had a law in effect that permits the formation of agricultural districts as a means of keeping productive farmland in agriculture until it is *really* needed for other uses.

Many states have become concerned about the preservation of farmland (1). Hawaii, for example, has undertaken a major program of agricultural zoning, but it is the only state in which such an exercise of police power is used extensively for this purpose. A proposal for a somewhat similar program in New York was rejected by the state legislature. Other states have passed laws in recent years that are intended to keep taxes on farmland in line with farming's capacity to pay, although these laws vary widely in their details.

New York's agricultural-district law does not grant police power, but it does involve the creation of specifically delineated areas. It also includes special tax provisions, but they are more attractive inside the districts than outside of them. The uniqueness of New York's statute arises principally from several nontax incentives for the continuation of farming within the districts, and from the method by which the districts may be established.

The New York agricultural district legislation contains two major provisions, one specifying the steps required to create a district, and the other stating those special provisions of law that apply within the districts once established. More than a half-dozen districts have already been formed and many more are in various stages of formation. Additionally, there is a general interest in districting throughout the better farming areas of the state.

Agricultural districts in New York State are created by local initiative following the steps summarized below: Landowners prepare a district proposal and submit it to the county legislative body, which in turn refers the proposal to its agricultural advisory committee for consideration. (If none exists, the county legislature would name an advisory committee of four farmers, four agribusinessmen, and one county legislator.) The agricultural advisory committee and the county planning board report their recommendations to the county legislature, one or more public hearings are held on the proposal, and the county legislature may then adopt it, or a modification, as a plan.

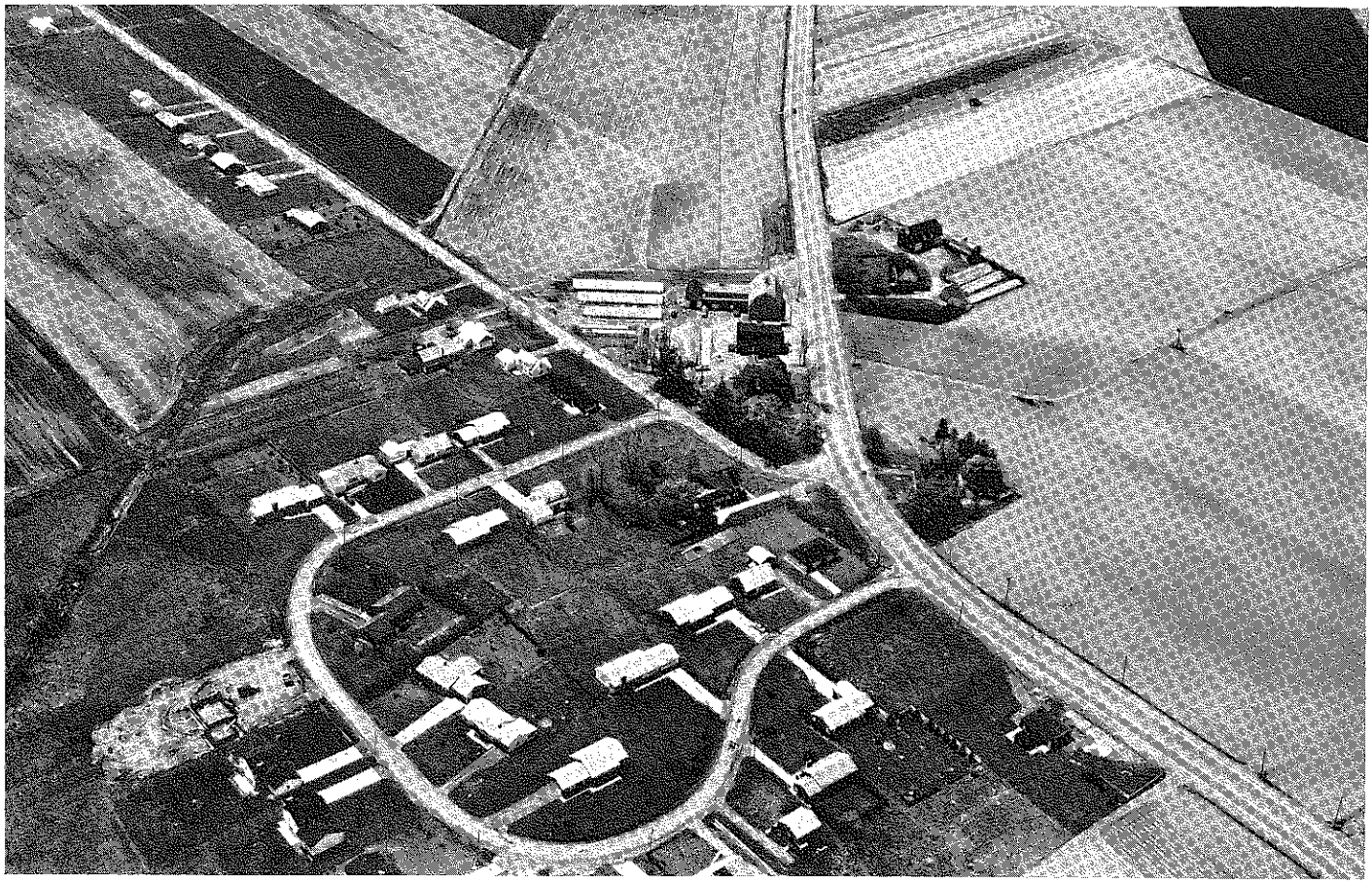
The county legislature next submits the plan to the state's Commissioner of Environmental Conservation, who seeks recommendations on it from the state Agricultural Resources Commission and the state Office of Planning Services. The Commissioner may then certify the plan (or

a modification of it) as eligible for a district.

Following certification, the county legislature may hold another public hearing on the plan; if the plan was modified by the Commissioner, the county must hold another hearing. After certification and the additional public hearing, if any, the county legislature has a final opportunity to approve or disapprove of the agricultural district. Beginning in 1974, the Commissioner of Environmental Conservation may create agricultural districts to encompass "unique and irreplaceable agricultural lands", but to do so requires the cooperation of local people, the Agricultural Resources Commission, and the Office of Planning Services. Whether created by the county's legislature or by the Commissioner of Environmental Conservation, five major provisions of law apply within a district:

1. Farmers may apply for an exemption from taxation on the value of their land in excess of its value for farming. Most jurisdictions of the state in the past have assessed farms on the basis of their value for farming, until the owners began to sell land for nonfarm development, although this was not authorized by statute. Such authorization has become increasingly necessary for continuation of this policy, and the agricultural district law provides it, if farmers meet certain restricting qualifications and make annual applications. However, if they convert any land to nonfarm purposes, farmers are required to pay a rollback (for up to five years) of any taxes from which they gain exemptions under this law.
2. Local governments may not restrict or regulate farm structures or farming practices beyond the requirements of health and safety.
3. State agencies must modify administrative regulations and procedures to encourage the maintenance of agriculture.
4. The right of public agencies to acquire land by eminent domain is modified (though not removed) and they are required to consider alternative areas.
5. The right of public agencies to provide funds for facilities (such as sewer and water) that would encourage nonfarm development also is modified.
6. The power of public service districts to tax farm land for sewer, water, power, and nonfarm drainage is restricted.

The agricultural district law also provides individual farmers who are not in a district an opportunity to obtain agricultural-value assessments. They must, in writing, commit their land to farming and are subject to significant penalties (rather than a rollback) if they violate the commitment. While this feature of the law can provide relief from taxation that otherwise would force discontinuance of farming, it is not likely to contribute as much toward the long-run dedication of land to farming as will the district arrangement.



Agricultural districting offers protection from the speculative pressures of urban development.

The northeastern part of the United States has witnessed great urban expansion in recent years. The "megalopolis" of the East Coast includes a substantial portion of this state. Urban growth has stimulated visions of more growth, until many landowners have become blinded by the resulting speculative fever. Realistically, there is no possibility that we can have wall-to-wall city in New York State or even most parts of it. There are more than 30 million acres in the state – considerably more than an acre apiece for every man, woman and child! Thus, many who hope for a high-price sale are due for disappointment. Yet while that hope lasts, it can destroy farming.

Commercial agriculture in any form usually requires large amounts of capital in land improvements, equipment, and livestock. Dairy farming, the most common type in New York, has especially large investment requirements. Additionally, farming must be supported by active and efficient agribusiness enterprises as sources of production supplies and for marketing farm products; these likewise involve large investments in plant and equipment.

Rates of technological change in both farming and agribusiness are high nationally, and to remain competitive, any given area must keep pace. Thus, new investments must be added continuously. Cases in point are illustrated by present needs for rebuilding or extensively remodeling a high proportion of the dairy barns, dairy feed concentrate handling facilities, and milk receiving plants in the state.

But the farmer who hopes to sell his farm for more than its value in farming seldom builds a new barn. He hopes, of course, that he will not need it, and he knows that a new barn would not increase the sale value to a nonfarm buyer. When farmers stop building new barns and making other investments, agribusinessmen follow suit by relaxing their efforts to modernize and offer better services. General morale in agriculture may decline to a point where young men who would like to farm locally move elsewhere instead. From here on, agricultural disintegration accelerates. The individual farmer who tries to resist soon finds that farming in his locality has lost its "critical mass"; he is an "odd ball" among his neighbors, having to travel farther each year to find men with like interests, businesses geared to his needs, and veterinarians willing to work with large animals.

In theory, agricultural disintegration can be turned about at will, but in fact it often has been irreversible. To reverse such a trend requires that many people move in concert, and there has been no mechanism for obtaining a concert "director." Even after it becomes apparent that an area will not become entirely city, or that frontage sales cannot cover total farm values, agricultural disintegration usually continues.

New York's agricultural industry is important enough to justify concern. Our farm products are worth about $3 billion in consumer sales, and expenditures for their production and processing contribute to local economies. Agricultural employment is equivalent to 200,000 full-time workers – a payroll that would be difficult to replace if lost. Moreover, the needs for agricultural land are small relative to the total area of the state; only 5 million of our 30 million acres would keep the industry growing in terms of total output. There is plenty of space for other uses.

The agricultural-district law is designed to help people avoid the quicksand of speculation; it provides farmers an opportunity to publicly declare their desire to remain in farming and reduces the pressures that would otherwise push them toward a speculative posture. In effect, agricultural districting provides the "concert" element; farmers thus agree not to push one another toward speculative situations while other provisions of the law reduce the likelihood that others will push them to such ends.

Overall, the agricultural-district law gives county legislatures and state agencies somewhat greater control over land use. On the other hand, that control is contingent upon landowner initiative and is limited to deciding what proposed districts may actually be created, their boundaries, and how long they will exist. The county and state have authority to continue any district indefinitely, regardless of local wishes. Since each district must be reexamined every eight years, however, when any portion of it is in really strong demand for nonfarm uses, it may be expected that its boundary would be changed upon such review findings.

It seems more likely that the land in many districts will become dedicated to farming for long periods. Economic and social activity will become geared to a continuation of agriculture, and peoples' expectations and plans will be adjusted accordingly. A few landowners may have to forego some large capital gains, but this will not bring mental anguish because no one will be sure he could have gotten them, nor at any time will anyone plan on them. For urban development there nearly always will be plenty of nonagricultural land nearby that can be adapted to the needs of expanding urban uses at nominal additional costs.

The agricultural-district law provides no "ironclad" guarantee that any particular farm area will be kept in farming. It does, however, provide an opportunity for agricultural people to avoid some of the pressures that otherwise could force them to liquidate. This can both help to maintain an important industry and preserve attractive open space.

Many individuals and organizations contributed to this legislation; their efforts in designing the law were materially aided by this college's contribution of information on land use and rural change obtained through research.

1. Friday, R. E. *Summaries of State Legislation Dealing with the Preservation of Farmland.* Dept. of Agri. Econ., N. Y. S. College of Agriculture, Cornell University, 1969.