January, 1981 Number 197

A PRELIMINARY ANALYSIS OF FARMERS' DECISIONS ON SIGNING FARMLAND PRESERVATION AGREEMENTS

by

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The authors wish to thank the Wisconsin Agriculture Reporting Service for their assistance in selecting survey samples and mailing the questionnaires.

The Farmland Preservation Law provides that landowners can sign farmland preservation agreements with the state under an agreement, the owner may not develop their land, and in exchange, is eligible to receive a credit against the state income tax. The amount of the credit depends on the level of property taxes relative to the household's income. Since March, 1978, 2,065 landowners have signed agreements or have filed applications for agreements that are currently being processed. In the autumn of 1980, a survey was conducted of farmland owners to determine why some chose to sign agreements and some did not. In this paper, the results of that survey are reported. The first section will describe the relevant provisions of the law and discuss the study procedure. The second part will present the results of the survey.

PART I

Farmland Preservation Agreements and Survey Procedure

On June 29, 1977, Wisconsin's Farmland Preservation Act became law. The purpose of the new law is to help local governments that want to preserve farmland through local planning and zoning, and to provide tax relief to fàrmers who participate in the local programs. Under the new farmland preservation program, landowners can qualify for tax credits in either of two ways: (1) their land is zoned for exclusive agricultural use; or (2) they sign an agreement not to develop their land for a specific time. There are two stages to the program; The first stage runs until 1982, and the second stage begins in 1982 or before, depending on action of the local governments. In the first stage, any landowner can qualify for tax credits by voluntarily signing an "initial agreement".

The Agreement

To qualify for an agreement, the landowner must have 35 acres or more in a parcel, and the land must have produced a value of farm products of $6,000 in the last year or $18,000 in the last three years. "Value of farm product" means the gross receipts from the land's agricultural use, not counting rent and the initial cost of livestock or other items which are bought and then resold. A person who rents out his land can easily qualify to sign an agreement if the land produced the required value of farm products. To sign an agreement, the owner must also have an SCS farm conservation plan or request that a plan be prepared by the local soil and water conservation district and SCS.

The landowner applies to the county board for an agreement by filling out an application and giving it to the county clerk. The clerk notifies several local government agencies, including the town board, and these groups have 30 days to give any comments to the county board. In most counties, a county board committee will review the application and make recommendation to the county board. The full county board approves or rejects the application, but the landowner can appeal a rejection to the state Agricultural Land Preservation Board. If the county approves the application and if the land is qualified under the law, the state must sign an agreement with the farmer.

Under the agreement, nonfarm development is not allowed. Land improvements or structures consistent with agricultural use are allowed. The agreement does not require or allow public access to the property. Farmers are eligible for income tax credits and are exempt from special assessments for urban-type public services such as sewer and water. The agreement follows the land, even if the land is sold. The initial agreement expires on September 30, 1982. It is very difficult, almost impossible, to cancel an agreement prior to its expiration date. The agreement is recorded in the Register of Deeds office in the relevant county.

Tax Credits

The income tax credit is based on household income. A household is a husband, wife, and dependent children under 18 year of age. The household income includes: the net farm income; any nonfarm wages, salaries and tips above $7,500; and other miscellaneous sources of income. The tax credit is calculated by a very detailed formula, but basically, the higher the property tax, the higher the tax credit; and the lower the income, the higher the credit. Landowners with initial agreements receive 50% of the credits calculated under the formula. An initial agreement expires naturally in 1982. If the land continues in the program, there is no payback of tax credits. If an owner is not eligible for the second stage of the program because the county board failed to qualify his land, then he pays back the last two years of tax credits. If the owner's land is eligible for the second stage under a county agricultural preservation plan but he chooses not to sign another agreement after 1982, he must pay back all the tax credits received.

Second Stage Agreements

Longer term agreements are available to landowners if the county government enters the second stage of the program. In rural counties, those with a population density of less than 100 persons per square mile, landowners are eligible for 10-25 year agreements. Their land must be in an agricultural preservation district as part of, the agricultural preservation plan adopted by their county board. This plan must also be certified by the state Agricultural Land Preservation Board as meeting the standards in the law. Landowners may apply for long-term agreements in the same manner as initial agreements. The provisions are identical to those in the initial agreement, except that under the long-term agreement, farm operations must be conducted "in substantial accordance" with a farm conservation plan. Owners are eligible for tax credits at 70% of the amount calculated under the formula. No long-term agreements may be signed in an urban county. If a long-term agreement expires and no new agreement is signed (and if the land is not in a certified exclusive agricultural zone), the owner must repay the tax credits received over the last 10 years.

Study Procedure

In the autumn of 1980, 1200 farm operators were mailed questionnaires seeking their opinions about the Farmland Preservation Program. The questionnaire asked landowners their reasons for signing or not signing an agreement, their future plans, type of farm operation, participation in organizations and beliefs and attitudes about a variety of issues.

The sample of 1,200 farm operators was divided into three segments: 400 signers, 400 nonsigners who were also mailed a brief pamphlet explaining the law, and 400 nonsigners who were not sent any information. The nonsigners were divided into these two groups to assess whether a lack of information was responsible for their decision, or for certain beliefs about agreements which in turn influenced their decision. Completed questionnaires were received from 322 signers (81%), 165 nonsigners (41%) who were sent information and 149 nonsigners (37%) who were not sent information. The response rates were actually higher than these percentages because some questionnaires were not delivered because the owner had moved or died, or for various other reasons.

PART II

Survey Results

Decisions to sign, or not to sign, farmland preservation agreements are made for a multitude of different reasons. The information in this paper should be considered a very brief and preliminary overview of an extremely detailed body of data from the questionnaire. In this paper, the most important concepts and empirical results are presented in order to answer the most basic and pressing questions about farmers' decisions to participate in the Farmland Preservation Program through agreements.

The discussion will be organized into several sections. First, the relationship between the decision to sign an agreement and the owner's future plans will be explored. This will be followed by sections on the relationship between the owner's decision and nonfarm development pressures, tax relief and property taxes, farm characteristics, personal characteristics, views of government, specific provisions of the law, and the role of information and communication. Tests for statistical significance were used in determining which variables were important determinants of the decision. The results of the statistical tests will be noted, but will not be explored in detail. In all cases, tests were performed at the 95% level of confidence (the .05 level of probability) in two-tailed t-tests, against a null hypothesis of "not important" or "no effect".

The Future: Farm Plans and Perceptions

Farmland owners who plan to remain in agriculture for many years should, in theory, be more likely to sign agreements than those who are less certain of their future. Thus, it was expected that signers would be younger than nonsigners, would have plans for more farm investments, and would have children who are likely to take over the farm operation in the future.

Other future-oriented factors, such as retirement plans and uncertainty, should also vary between the two groups.

Age. Signers' age averaged 50.0 years, and nonsigners' age averaged 50.6 years, only a very slight difference which was not statistically significant. Similarly, there was little difference between the groups in the importance attached to age in making the decision to sign or not sign an agreement.

Children's Plans. However, in making a decision on signing an agreement, the signers placed more importance on whether they had a family member to leave the farm to than did nonsigners. The difference was statistically significant. An important difference is that 48% of the signers, but only 33% of the nonsigners, indicated that after retirement, one (or more) of their children planned to take over the farm operation. About 33% of the signers and 36% of the nonsigners said they were uncertain whether their children would take over the farm upon their retirement. Thus, having a child who will take over the farm appears to be important in distinguishing signers from nonsigners. In addition, when asked what they would do with their farm if they were to discontinue farming now, 54% of the signers, but only 43% of the nonsigners indicated they would hand the farm over to a family member to continue farming.

Future Farm Plans. Important didferences between the groups can be noted in their future plans for investment in land and buildings. Over 59% of the signers, and only 49% of the nonsigners, indicated that they planned to continue to operate their farm at its current size. There was no difference in the proportion planning to expand their land holdings during the next 10 years. The important difference is that 28% of the nonsigners, but only 19% of the signers, planned to discontinue farming and to retire within 10 years. About 35% of the nonsigners indicated that consideration of retirement plans was highly important in their decision not to sign an agreement. It appears that those closer to retirement are less likely to sign agreements. When asked whether they planned major new investments over the next 10 years, minor new investments (less than $20,000) or no significant investments, more signers (32% vs. 26%) indicated intentions to make major investments, and the difference between the groups was statistically significant. Finally, signers indicated that "the future of my farm" was an important reason for signing the agreement -- 69% indicated that it was highly important to them in their decision. Among the nonsigners, 43% said that "uncertainty about the future" was a very important reason for their decision not to sign an agreement. Signers were more likely than nonsigners to believe that signing an agreement would help them protect their farm investments, and the difference was statistically significant. Thus, it appears that the expectations of the owner about his future in agriculture, and his future farm investment plans, are important means of distinguishing between signers and nonsigners.

Nonfarm Land Developmnet

In theory, one would expect that farmland owners who wish to develop their property, and who believe they might soon have the opportunity, would be unlikely to sign an agreement. Thus, it would be expected that owners of land located in areas where nonfarm development pressures are high would be less likely to sign agreements than others. In addition, those more willing to sell for nonfarm development should be less likely to sign an agreement. On the other hand, those who wish to continue to farm in areas of development pressure many place great value in the protection of the farm operation implicit in the agreement and the farmland preservation program. In this section, the effect of development pressure, the owner's desire to keep the option to develop, and the owner's view on the importance of protecting farm operations will be discussed.

Development Pressure. Signers and nonsigners appear to have about the same amount of development pressure on thier land. Of the signers, 34% had been approached by someone offering to buy part or all of their land for nonfarm use, versus 33% of the nonsigners. In addition, there were no statistically significant differences between the two groups in the distance of their farms from major highways, residential subdivisions, or large recreation areas. Signers were located, on average, closer to business or commercial areas than nonsigners, and the difference was statistically significant. This indicates more development pressure on signers' land, but given that the differences are so slight and all other evidence indicates equal development pressure, it is appropriate to conclude that there is no difference in the development pressure on the land of signers versus nonsigners. Yet only 7% of the signers had actually sold cropland for nonagricultural use in the past, compared to 12% of the nonsigners, and the difference was statistically significant. Although most landowners do not expect to ever be able to sell their land for nonfarm use -- 76% of signers and 68% of nonsigners -- there are more nonsigners who expect to be able to sell for development. Within the next 10 years, 15% of the nonsigners and only 8% of the signers expect to be albe to sell their land for development. The differences between the groups are statistically significant. However, there is no statistically significant difference between the two groups when responding to the question of whether they believed they could easily sell their land for development within the next year. Thus, the difference is perception of development pressure seems to apply to the next decade or so, rather than the next year. Consistent with this interpretation, 79% of the signers and only 67% of the nonsigners believed that their land would remain in farm use after their retirement, and the difference was statistically significant.

Thus, it appears that nonsigners anticipate slightly more development opportunities in the future, in spite of the fact that locational evidence indicates that nonsigners are not in areas with more development pressure than signers. However, over two-thirds of both signers and nonsigners believe they will never be able to sell their land for development.

The Development Decision. Landowners were asked whether they would sell their land for nonfarm use rather than farm use, if they were offered more money. Nonsigners indicated that they were more willing to sell for nonfarm use than signers and the difference was statistically significant. "Potential for development" was less important to signers than to nonsigners in their decisions to participate in an agreement, and the difference was statistically significant. For most nonsigners (65%), the fact that the agreement would limit their options for using the land was an important or very important reason for not signing an agreement. Likewise, "having many restrictions in the agreement" was cited as an important or very important reason for not signing an agreement by 66% of the nonsigners. Also, 51% of the nonsigners said that "potential limit on my land value appreciation" was an important or very important reason for not signing an agreement. Nonsigners also were more likely than signers to agree that farmers would be more hesitant to buy land under an agreement, so their response to the land value appreciation question may not refer exclusively to the capital gains from land development. These data all suggest that for at least some nonsigners, the desire to keep open the option to sell their land for development was an important reason for not signing an agreement. From data previously discussed, signers and nonsigners seem to have approximately the same potential or probability of development of their land. The key difference seems to be in the willingness to sell and the desire to keep open the option to sell for development.

Protection From Development. Some landowners view nonfarm development as an opportunity for capital gains or a retirement plan, while others may view it with alarm because of the conflicts it may bring to farm operations. Among the signers, 61% cited "reducing land use conflicts" and 71% cited "limiting nonfarm development" as important or very important reasons for signing an agreement. Over 77% of the signers indicated that the strength of agriculture in their community was an important reason for signing. The signers were also more likely than nonsigners to believe that the agreement would help reduce land use conflicts between farm and nonfarm landowners, and the differences were statistically significant. This evidence seems to indicate that those who sign agreements are more likely than nonsigners to want protection from the land use conflicts brought about by nonfarm development in rural areas.

Tax Relief

The Farlmand Preservation Law provides income tax credits, based on the farm family's property tax and household income, as an incentive to encourage land preservation through local government zoning or individual agreements. One would expect tax credits to be a strong source of motivation for signing an agreement and would expect property taxes to be higher, on average, for signers than for nonsigners.

Signers, on average, agreed more strongly than nonsigners that the tax credits under the program would relieve part of their tax burden, and the differences were statistically significant. Eighty-six percent of the signers, and only 65% of the nonsigners, agreed or strongly agreed with the statement that tax credits would relieve part of their tax burden. In addition, 61% of the nonsigners agreed or strongly agreed with the statement that the tax credits they would receive were not enough encouragement for them to sign a statement (but 39% did not, and there was no statistically significant difference from a neutral response). It is not known whether these nonsigners had actually calculated the tax credits they would receive under an agreement, but the important point is that many perceived "not enough" tax credit benefits.

When making a decision on signing an agreement, signers placed much more importance than nonsigners on the amount of possible tax credits, and the difference between the groups was statistically significant. Eighty-six percent of the signers indicated that tax credits were an important or very important part of their decision to sign an agreement, versus only 61% of the nonsigners. Interestingly, 22% of the signers indicated that they did not expect to receive tax credits in 1980.

High property taxes were among the most important reasons cited by signers for their decision -- 87% said that high property taxes were an important or very important element in their decision. Their level of income and the exemption from special assessments for sewer, water and similar services were not given as much importance by signers. In addition, signers had a much higher average property tax bill than nonsigners. The signers' tax bills averaged $3,735, the nonsigners' tax bills averaged $2,273, and the 64% difference was statistically significant. It is important to note that the signers' property tax average is considerably greater than that shown in other studies of participants, but other studies were based on property taxes in the 1977 or 1978 tax years. Data from the Department of Agriculture, Trade and Consumer Protection (DATCP) show an average tax bill for 1977-78 signers of $2,633, about $200 above the state average for those years. Department of Revenue (DOR) data show an average 1978 property tax bill for a sample of signers of $2,913. Since the survey reported in this paper was conducted in the fall of 1980, prior to 1980 property tax levies, participants were reporting their 1979 tax bills. The signers' average 1979 property tax from this survey is 28% above the 1978 average reported by DOR and 42% above the 1977-78 average reported by DATCP. Clearly, some of this difference can be attributed to increases in property taxes due to inflation and other factors. Part of the difference may be due to the fact that farmland owners with higher-than-average tax bills will be attracted to the program first, and the "demonstration effect" clearly operates with agreements and tax credits. The 1980 survey was a sample from a different population of signers than the 1977-78 DATCP census of signers or the 1978 DOR sample. Since the additions to the population of signers in the 1978-80 period are likely to have been owners with relatively high tax bills, it would not be surprising to find a higher average property tax bill for this reason. Thus, there are several possible explanations for the high property tax bills of signers. The most important point is that signers indicated that high property taxes and the tax credits available under the program were a very important reason for their decision to sign an agreement, and signers had significantly greater property taxes than nonsigners. Signers viewed the tax credits as more significant in relieving their property tax burden than nonsigners, and a majority of nonsigners believed that the tax credits were not enough encouragement for them to sign an agreement. Thus, the tax credits are a strong incentive for signing an agreement.

Farm Characteristics

Differences between signers and nonsigners in the type of farm operation may be important determinants of the decision to sign an agreement. Thus, the survey gathered data on the type and size of farm, length of operation, and types of business organization.

Signers were more likely to have dairy operations than nonsigners. Sixty-two percent of the signers, and only 25% of the nonsigners, listed dairying as their only or their most important type of farm activity. This difference is similar to that reported by DATCP for 1977-78 signers versus state averages. On the other hand, a larger percentage of nonsigners are engaged in livestock operations -- 17% of nonsigners and only 9% of signers indicated that livestock was their only type of activity or was the most important. Similar proportions of signers and nonsigners were engaged in cash grain (12%), specialty crop (2-4%), and timber operations (1%) as their primary activity.

Signers have larger farms than nonsigners, averaging 270 acres versus 207 acres for nonsigners, and the difference is statistically significant. About 84% of signers' farmland is in crop use, versus 75% for nonsigners. This is consistent with DATCP data for 1977-78. A larger percentage of signers (78%) have pasture land than nonsigners (70%) which is consistent with the larger proportion of signers in dairying operations.

About 24% of the signers and 16% of the nonsigners rent some land to others (including family members). On the other hand, 44% of the signers and 41% of the nonsigners rent land from another person to farm. Over 84% of signers and 89% of the nonsigners work their own land. The average signer had been operating his farm for 22.6 years, versus an almost identical average of 22.5 years for nonsigners. The form of business organization was similar for signers and nonsigners. For signers, 76% of the farms were owned by a single individual (family), 16% were partnerships, 4% were Subchapter S corporations and 3% were regular corporations (some of which are owned by a single family). For nonsigners, 78% of the farms were in individual (family) ownership, 17% were partnerships, 4% were Subchapter S corporations and only 1% were regular corporations.

In summary, signers are more likely to have dairy operations than nonsigners, although a majority of both are in dairying. Signers have larger farms than nonsigners and have a larger percentage of their land in crop use. Signers and nonsigners do not differ in the proportion working their own land, the proportion renting land from others, the number of years operating their farms, or the type of ownership of the farm business. Very few nonfamily corporations have signed agreements, consistent with other data from both DATCP and DOR.

Primary Occupation

An important difference between signers and nonsigners is that a larger proportion of nonsigners have primary occupations that are not farming or farm-related. About 21% of nonsigners, versus only 8% of the signers, indicated that their primary occupation was not farming, and the difference was statistically significant. A higher proportion of signers (80%) indicated that farming was their major occupation, versus only 69% of the nonsigners. About the same percentage of both groups indicated farm-related occupations (5% for both), or that they were retired or disabled (7% of signers, 5% of nonsigners). Those with nonfarm occupations were less likely than farmers to work their own land, although 81% reported that they worked at least part of their own land. Those with nonfarm primary occupations generally had low gross farm income--86% had gross farm income less that $20,000, compared to only 16% of those who listed farming as their primary occupation. As would be expected, those with nonfarm primary occupations had much higher off-farm income than farmers. Over 61% of the nonsigners with nonfarm primary occupations had off-farm incomes of $15,000 or more, compared to only 5% of those whose primary occupation was farming.

Personal Characteristics

Signers and nonsigners were compared in terms of formal education, income, and participation in government and community and farm organizations. Signers have slightly more formal education than nonsigners -- 27% of signers have attended college, while only 20% of nonsigners have some college education. Similarly, 22% of nonsigners attended school 8 years or less, compared to only 14% of the signers.

Nonsigners tended to have lower incomes, on average, than signers, and the difference was statistically significant. Thirty-four percent of the nonsigners had net farm incomes of zero to $4,999 or less, while only 18% of the signers had incomes in this range. However, only 5% of the signers had net farm incomes over $40,000 while 14% of the nonsigners had incomes in this range. This probably reflects the fact that under the tax credit formula no credits can be received by a household with over $39,000 in net household income as defined in the law, so households with very high incomes do not sign agreements. Signers were more likely than nonsigners to belong to a farm organization such as Farm Bureau, Farmer's Union, Grange NFO, and others. About 49% of nonsigners, compared to 67% of the signers, were members of a farm organization. Signers were also more likely to "often" attend farm organization and town board meetings. About 15% of the signers, compared to only 9% of the nonsigners were elected representatives on town or county boards. Otherwise, the participation in community, religious, or political activities was similar for both groups.

View of Government

Signers and nonsigners might be expected to have different views on the role of government in rural land policy and different attitudes about government in general. These expectations were confirmed by the data.

Nonsigners agreed more strongly than signers with the statement that signing an agreement brings government intervention into private property matters, and the difference was statistically significant. Only 34% of the signers, versus 58% of the nonsigners agreed or strongly agreed with the statement. In addition, nonsigners indicated, more often than signers, that they "hesitated to get involved with another government program," and the differences between the groups were statistically significant. Sixty-eight percent of nonsigners, and only 33% of signers, agreed or strongly agreed that they "hesitated to get involved with another government program." Interestingly, one-third of those who signed an agreement indicated this same hesitancy. Other evidence indicates that nonsigners are less likely to become involved with government programs. Of those who had woodland on their farms, 20% of signers but only 9% of nonsigners had their woodland in the Forest Crop or Woodland Tax programs, and the difference is statistically significant. Since these are long-established programs with little restriction on land use and volutary withdrawal, the concerns of nonsigners about maintaining flexibility in development decisions do not apply. Yet less than one-half as many entered their land in these forestry programs, compared to signers. Thus, the evidence indicates that, on average, nonsigners view government programs more warily than signers and, on average, feel more strongly than signers that an agreement is government interference in private property matters.

Provisions of the Law

In some cases, nonsigners may simply be prevented from signing an agreement by the specific provisions of the law or decide not to sign because of some very specific provision. Although over half of the nonsigners were unsure about their current eligibility to sign an agreement, they also indicated that their eligibility was not an important factor in their decision not to sign.

Landowners were asked whether the rollback tax, which requires that past tax credits be repaid if the land is removed from an agreement, was an important reason for their decision not to sign an agreement. The response, on average, was not significantly differenct, statistically, from a "not important" response. However, 53% of the nonsigners did cite the rollback tax as an important or very important consideration in their decision. The availability of tax credits under the Homestead Tax Credit program was not an important reason for not signing an agreement, according to nonsigners. One specific provision that was cited as an important reason for not signing an agreement was the fact that the agreement is tied to the deed on the property. In fact, this does not change any of the provisions of the agreement, and the deed is used simply because the agreement is similar to an easement for a specific time period, is a form of restriction on the use of the land, and requires that future buyers of the property be aware of the agreement. Although tying the agreement to the deed does not change the substance of the restrictions, nonsigners perceive that it is important and consider this when making their decision.

Information

One reason why landowners may not have signed agreements is that they simply do not have enough information to be able to make a decision, or have misinformation about the consequences of signing an agreement. Availability of information was not cited by the nonsigners as an important reason for their failure to sign an agreement.

However, other evidence from the questionnaire indicates that there is some misunderstanding of the basic provisions of an agreement and the consequences of signing. About 21% of the signers believed that an agreement restricting changes in the agricultural uses of land, but in fact there are no such provisions in an agreement. Yet 38% of the nonsigners who were sent a pamphlet explaining the agreement had this mistaken belief. Further, 46% of the nonsigners who were not sent information had the mistaken belief that an agreement restricted agricultural uses of the land. Clearly, this indicates important misunderstanding of the provisions in an agreement which migh cause landowners not to sign. On the other hand, 47% of the nonsigners who were not sent information, 25% of the nonsigners who received information, and 22% of the signers believed that tax credits were available to all signers, regardless of household income. This misunderstanding might lead some landowners to (mistakely) sign agreements. With respect to other provisions of agreements (public access, soil conservation requirements, nonfarm use restrictions, rollback tac) most landowners had a good understanding of the provision and less than one-fifth were misinformed. In all cases the signers were best informed, followed by the nonsigners who were sent information, and the nonsigners who were not sent information were the least informed.

Summary

In Tables 1 and 2, the most and least important consideration in the decisions of signers and nonsigners are summarized. For signers, the most important considerations can be classified as concern over preserving farmland and farming and tax relief. For nonsigners, the most important considerations cited were the fact that the agreement contains restrictions on converting land to nonfarm use, the potentially adverse economic effects (low tax credits, limited appreciation in land values), and a general concern about government and goverment programs.

Other important differences between signers and nonsigners were identified in the study. Signers were more likely to have a child who planned to take over the farm upon their retirement. More nonsigners are planning to retire in the next 10 years than signers, and about one-third of the nonsigners said their retirement plans were an important consideration in their decision not to sign an agreement. In terms of investment plans and concern about protecting their farm operations and investments, signers appeared to be more "future-oriented" than nonsigners.

Some have argued that landowners in areas of nonfarm development pressure would not sign agreements, and this argument is supported by research from other states. However, the survey results show that the "development pressure" on the land of signers and nonsigners is the same. The land of signers and nonsigners is located, on average, about the same distance from urban or built-up areas. About the same percentage of both groups have been approached with offers to buy for development uses, and about the same percentage expect that they will never be able to sell their land for development. The key differences are that nonsigners are more likely to have

TABLE 1

Signers' Most and Least Important Considerations in the Decision to Sign an Agreement

Considerations Most Important to Signers[1]	Percent Listing as Very Important or Important[2]
Preserving farmland	88%
High property taxes	87%
Tax credits	86%
The future of my farm	82%
The strength of agriculture in my community	77%
Soil Conservation	69%

Considerations Least Important to Signers[3]	Percent Listing as Very Unimportant or Unimportant
Influence of another person	68%
Protection from special assessments for sewer and water	61%
My age	44%

[1]A consideration is listed if the average reponse was statistically significantly different from "not important" at the 95% level of confidence.

[2]Respondents were given a scale of 1 to 6, with 1 labeled Important and 6 labeled Not Important. The terms used here are the authors' and are used for descriptive purposes only.

[3]A consideration is listed if it had a high mean, i.e. was relatively unimportant and if the percent of respondents checking boxes 5 or 6 on the scale was greater than the number checking 1 or 2.

TABLE 2

Nonsigners' Most and Least Important
of Various Considerations in the
Decision to Not Sign an Agreement

Considerations Most Important to Nonsigners[1] (In order of average ranking)	Percent Listing as Very Important or Important[2]
Having many restrictions in the agreement	66%
Government interference	66%
Limiting my options for using my land	65%
The agreement being tied to the deed	62%
The amount of tax credit available to me	62%
The newness of the program	59%
Potential limit on my land value appreciation	54%

Considerations Least Important to Nonsigners	Percent Listing as Very Unimportant or Unimportant[3]
My farm location *	43%
My age**	41%

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[1] A consideration is listed if the average response was statistically significantly different from "not important" at the 95% level of confidence.

[2] Respondents were given a scale of 1 to 6, with 1 labeled Important and 6 labeled Not Important. The terms used here are the authors' and are used for descriptive purposes only.

[3] A consideration is listed if it had a high mean, i.e. was relatively unimportant and if the percent of respondents checking boxes 5 or 6 on the scale was greater than the number chekcing 1 or 2.

*Thirty-six percent of nonsigners indicated that farm location was a very important or important consideration.

**Thirty-six percent of the nonsigners indicated that their age was an important or very important consideration.

sold land for development use in the past, are about twice as likely to think they will be able to sell for development within the next 10 years, and are less likely to believe that their land will reamin in farm use after they retire. The important difference is in the perception of development pressure. In addition, nonsigners are much more willing to sell for development and generally wish to keep open the option to sell for development.

Signers indicated that the tax credits relieved part of their tax burden and were an important reason for signing an agreement. A majority of nonsigners believed that the tax credits were not enough encouragement for them to sign an agreement, but it is not known how many had actually estimated the credits for their own household. Signers had higher property tax bills than nonsigners and indicated that high property taxes were an important consideration in their decision to sign an agreement. The landowner's perception of the amount of tax credits available to him under the law and his felt need for tax relief are important determinants of the decision on signing an agreement.

Signers have larger farms, on average, than nonsigners -- 270 acres versus 207 acres, respectively. A higher percentage of signers have dairy operations although a majority of both signers and nonsigners are in dairying. A larger proportion of signers' land is in crop use (84%) than nonsigners' land (75%). Individual (family) ownership and partnerships were the dominant type of business organization for both signers and nonsigners. Regular corporations comprised only 1% of nonsigners and 3% of signers, and many of these are probably family corporations.

Nonsigners were more likely than signers to view agreements as government intervention into private property matters and were more likely to have "hesitated to get involved with another government program." Nonsigners were less likely, on average, to participate in other government programs such as the Forest Crop or Woodland Tax programs. Signers had more years of formal education than nonsigners. The net farm income of nonsigners was <u>lower</u> than that of signers, on average, although the percentage of nonsigners with net farm income above $40,000 was about three times as large as that for signers.

Specific provisions of the law were important to some in their decision on signing an agreement. The fact that the agreement is tied to the deed troubled many nonsigners, although in fact the provision does not change the meaning of the agreement. About half of the nonsigners cited the roll-back tax as an important consideration, and slightly less than half believed, mistakenly, that the agreement would regulate agricultural uses of their land.

In general, farmers are responding in a predictable manner to the opportunity to sign agreements under the Farmland Preservation Law. For signers, the tax credits are important in motivating their participation, but so is a belief in farmland preservation and soil conservation. Their intention to remain in farming and their concern about the future of agriculture in their area are also important. It seems that signers have about the same opportunity as nonsigners to sell their land for development but are more likely to choose not to do so and to take steps to ensure the continued agricultural use of their land. For nonsigners, the restriction on nonfarm land use in the agreement, foreclosing the development option for at least a few years, is important in motivating their actions, together with the perception that the tax credits are not larger enough to warrant participation. A general mistruct of government action is also important in some landowners' decision not to sign agreements.