



## A Brief Look at Farmland Conversion in Kentucky

Valerie Vantreese, Craig Infanger, and Jerry Skees, Department of Agricultural Economics

From 1982 to 1992, nearly 200,000 acres of prime farmland in Kentucky were converted to non-agricultural uses, a reduction of 3.2 percent in the state's 5.74 million acre base. During the same time, more than 4 million acres of prime and unique farmland in the United States were converted to rural and urban development. How concerned should Kentuckians be about these trends?

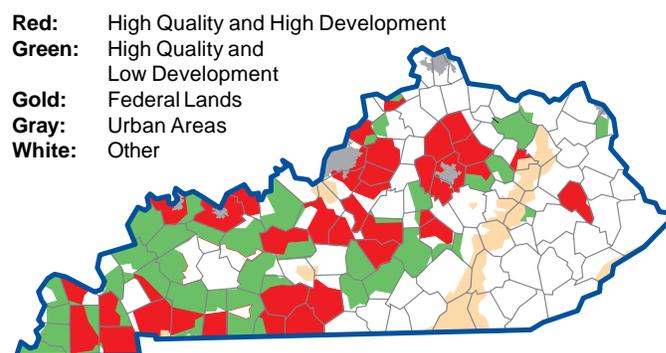
Kentuckians value farmland and green space around urban areas. But farmland protection comes at a cost. *How much* do we value farmland protection? What would *you* pay to protect farmland in your county? And, how can we best accomplish these goals?

### Arguments behind Farmland Protection Have Changed

Protecting our food supply and our cropland for future generations has been a major argument behind farmland preservation. U.S. agriculture has responded to the tremendous growth in world population through advances in production and food processing technologies. However, as developing countries have reduced their dependence on food aid, U.S. overproduction has placed downward pressure on agricultural prices.

Although the apprehension over protecting our food supply has faded, Americans are now concerned with protecting farm communities and preserving green space, as the loss of

**Figure 1.** This map of Kentucky indicates where high-quality farmland is under the greatest threat from development, thus having the highest potential of conversion to non-farm use.



Source: USDA/NRI and American Farmland Trust

rural land on the *local level* has increased in importance. The irreversibility of development continues to cause friction between land use planners, conservationists, and developers.

### Prime Farmland Loss in Kentucky

The loss of prime farmland has not been evenly distributed across the state. The greatest loss in prime farmland acreage was in the Bluegrass region (68,800 acres, a reduction of 5.5 percent), followed by the Pennyroyal region (52,200 acres, a reduction of 3 percent). Notably, while nearly half of the farmland in the Purchase and Western Coalfield areas is consid-

Changes in Prime Farmland by Region (1,000 acres)						
Region	1982 (acres)	% of land in region	1992 (acres)	% of land in region	Prime land lost (acres)	% of prime land lost
Purchase	709.7	48.1%	694.1	47.0%	15.6	2.2%
Western Coalfields	1667.2	37.3%	1635.7	36.6%	31.5	1.9%
Pennyroyal	1794.6	28.0%	1742.4	27.2%	52.2	2.9%
Bluegrass	1240.8	22.0%	1172.0	20.8%	68.8	5.5%
E. Ky Mountains	518.0	6.6%	495.2	6.3%	22.8	4.4%
Total	5930.3		5739.4		190.9	3.2%

ered prime, these regions are under relatively minor development pressures, and commercial agriculture remains strong.

### How Effective are Farmland Preservation Policies?

Various programs have been used to protect farmland from the economic pressures of the urban fringe. Federal and state rural land preservation efforts are both conservation-oriented and preservation-oriented.

The Conservation and Wetlands Reserve Programs (CRP and WRP) are designed to withhold environmentally sensitive lands from crop production. The CRP program in Kentucky cost nearly \$9.5 million last year, plus administrative costs. The WRP program has purchased \$10.1 million of conservation easements thus far. Both programs are contingent on continued federal funding.

The Kentucky Agricultural District Law allows farmland owners to place their land under protective status for a minimum of five years, preventing their land from being annexed

for development. It is not clear how effective this program has been in protecting farmland from development; re-instatement of the tax roll-back provision for early withdrawal could be a key. Nearly all of the farmland in Kentucky is eligible for agricultural use-value tax assessment, giving farmers a tax break by taxing land at its agricultural value (regardless of location and zoning status) and frequently at a lower tax rate as well.

Kentucky’s new PACE program utilizes matching federal funds to purchase agricultural conservation easements from farmland owners. This voluntary program allows farmland owners to sell the development rights to their land, while retaining ownership of the property itself. The first transactions should take place later this year.

More than 9,000 acres have been privately protected in Kentucky through ten different land trusts. Lands may be protected for environmental, historical, or green-space reasons. The property can be purchased outright, or the development rights can be transferred to a land trust.

Type	Description	Acres Affected in Kentucky
<b>Conservation-oriented</b>		
Conservation Reserve Program	Long-term rental contracts	234,235 acres, avg \$66/ac
Wetlands Reserve Program	Purchase easements	16,830 acres, avg. \$600/ac
<b>Preservation-oriented / short-term</b>		
Certified Agricultural Districts	Precludes development	248,000+ acres
Agricultural Use-value Assessment	Reduced tax value and rate	\$10 billion of farmland
Right-to-Farm Law	Protection from nuisance suits	all farmland eligible
Income and estate tax benefits	Donation/sale easements	uncertain
<b>Preservation-oriented / long-term</b>		
Purchase by Land Trusts	Easement/land acquisition	9,000+ acres
PACE (Purchase of Agricultural Easements)	Purchase easements	none to date
Transfer of Development Rights	Suggested for Fayette County	none to date
Exclusive agricultural zoning	Precludes development	unknown

For more detailed information, read “Rural Land Preservation in Kentucky” by Valerie Vantreese, Jerry Skees, and Craig Infanger, available from the Department of Agricultural Economics.

Educational programs of the Kentucky Cooperative Extension Service serve all people regardless of race, color, age, sex, religion, disability, or national origin. Issued in furtherance of Cooperative Extension work, Acts of May 8 and June 30, 1914, in cooperation with the U.S. Department of Agriculture, C. Oran Little, Director of Cooperative Extension Service, University of Kentucky College of Agriculture, Lexington, and Kentucky State University, Frankfort. Copyright © 1998 for materials developed by the University of Kentucky Cooperative Extension Service. This publication may be reproduced in portions or its entirety for educational or nonprofit purposes only. Permitted users shall give credit to the author(s) and include this copyright notice. Publications are also available on the World Wide Web at: <http://www.ca.uky.edu>. Issued 9-98, 500 copies.