

League of Women Voters of Delaware

SUPPORT OF THE FARMLAND PRESERVATION PROGRAM

Office of Budget & Management

November, 2017

The League of Women Voters encourages the Legislature to support farmland preservation at the historic \$10 million level set in 2001.

When farmland is sold in Delaware the land is then most often turned into residential development. It is commonly thought that the more houses are sold in Delaware, the greater will be realty transfer taxes and the less will the individual resident pay in taxes. The problem with this line of reasoning is that development creates a greater need for services than does open space or farmland, so that the short-term gain of realty transfer taxes is more than offset by the need for state and local government to provide services that cost much more for residential development than for farmland or open space.

Indeed, American Farmland Trust's research shows that for every one dollar paid in taxes on a nationwide basis, government must pay back in services to the farmer or owner of open space only 35 cents, while pay back to the owner of residential property in services is \$1.16.¹ Real Estate transfer taxes provide only a short-term gain.

We all recognize, of course, that pressure for farmers to sell to developers is increasing every year. The last several years of only minimal contributions to this award-winning funding process from the Delaware legislature have made the program's viability progressively more problematic. In order to continue its stellar success record, with plenty of competition among farmers for the privilege of participating, our agland preservation program must be seen by farmers as a program with which they would like to become associated, and that can't happen without sufficient funding.

With the average discount on conservation rights hovering at about 65%, the state pays only 35% of what those rights are worth. But again, we can only take advantage of this bargain if we have basic funding in the program.

After a brief hiatus from federal funding opportunities while our Agriculture Department negotiated acceptable terms, Delaware's Agland Preservation Program can now accept federal matching funds from the USDA Natural Resources Conservation Service (NRCS) Agricultural Conservation Easement Program. As you all consider which amount to set as your request for farmland preservation, please keep in mind that your total request has the potential to double. If we fail to apply for federal funds because we

¹ American Farmland Trust, Cost of Community Services Studies, August 2010.
<http://www.farmland.org/documents/Cost-of-Community-Services-08-2010.pdf>

have insufficient matching funds, the federal money may go to California, Iowa, or to our neighbor, New Jersey.

The annual aggregate economic contribution of agriculture to Delaware's economy is estimated at nearly \$8 billion, according to a 2011 U.D. study.² This \$8 billion includes some immediate ripple effects of agriculture not previously considered in research, such as the processing of farm products, forestry production and processing, and ag-related services like crop dusting and ditch digging.

From 2009 until 2015 Delaware committed \$213 million to companies for jobs-related grants and loans through the Delaware Economic Development Office.³ Surely we can direct at least a portion of that largess to our agriculture industry, the backbone of Delaware's economy.

The League is committed to support of Delaware's agricultural industry not only because of the wealth it brings to the state, but because farms provide basic sustenance, and the closer the better in terms of sparing carbon emissions. We also advocate for farming because of the aesthetic value it adds to our lives. Farming even provides water filtering, valued by a five-county study in southeastern Pennsylvania at \$132.5 million annually.⁴

We can't afford not to fund Delaware's agland preservation program at \$10 million.

schultz_peggy@yahoo.com

² UDaily, "\$8 billion state industry," 2011 <http://www1.udel.edu/udaily/2011/mar/agriculture-economy-030911.html>

³ Jonathan Starkey and Melissa Nann Burke, "For Delaware, \$200M in corporate giveaways, little transparency," March 2015 <http://www.delawareonline.com/story/news/local/2015/03/10/delaware-corporate-giveaways-little-transparency/24737161/>

⁴ Economy League of Greater Philadelphia, Econsult Corp., Keystone Conservation Trust, "The Economic Value of Protected Open Space," Jan. 2011 <https://www.dvrpc.org/reports/11033C.pdf>