



RANDY BROWNING



MICHAEL KELLY

TYPES OF LANDS THAT QUALIFY

Cropland, grassland, forestland - longleaf savanna only

TYPE OF PROGRAM

Conservation easement

MONETARY BENEFIT

Direct payment

Agricultural Land Easement

The Agricultural Land Easement (ALE) is a voluntary federal program designed to protect native grasslands and croplands on working farms, ranches, and forests. It is part of the Natural Resources Conservation Service's (NRCS) Agricultural Conservation Easement Program (ACEP).

■ HOW IT WORKS

A landowner with qualifying land makes an inquiry about the ALE to a land trust, such as the Mississippi Land Trust (MLT) or the Mississippi River Trust (MRT). If the land trust determines that the land is not only eligible but has enough environmental significance to rank high by the NRCS, the land trust will work with the eligible landowner to prepare an application for the NRCS.

The program helps farmers, ranchers, and forest owners keep their land in agricultural or forest uses. Under the ALE component, NRCS may contribute up to 50% of the fair market value of the easement for cropland.

The program also protects grazing uses and related conservation values by conserving grasslands of special environmental significance. This includes rangeland, pastureland, shrubland, and longleaf pine savanna in native prairie or along the Gulf Coast. For grasslands of special environmental significance, NRCS may contribute up to 75% of the fair market value of the easement.

The MRT and the MLT have placed particular emphasis on native prairies and longleaf pine acreage as they have declined drastically compared to their historic acreages. Less than 1% of the prairie habitat remains, and less than 7% of the longleaf pine acreage remains (up from 3%). Fire-maintained longleaf pine savannas are

essentially a prairie with scattered trees. Prairies and pine savannas share a grass-dominated ground cover with high plant diversity. They often have uncommon and rare plants and support both declining wildlife and game species. They may also support cattle grazing, especially in conservation grazing systems.

■ LAND TRUST FOR ALE

The MRT and the MLT are interested in working with landowners who want to protect native grasslands and longleaf savanna.

Types of Land

We are interested in working with landowners to restore and protect native grasslands, prairies, and grassland of special environmental significance. The Black Prairie, Jackson Prairie, Grand Prairie, other native prairies, and longleaf savanna along the Gulf Coast are included in this category. These grasslands can provide two essential landowner services: forage for cattle operations and critical wildlife habitat.

Matching Funds

The landowner or other private sources must contribute a percentage of the easement's fair market value. The MLT and the MRT will work to raise these funds. However, if the MRT or the MLT cannot find funds for this purpose, the landowner will be responsible for this amount.

What We Do

The MRT's or the MLT's obligations under the program are to

- protect and restore grasslands
- hold easements for participating landowners
- execute easement documents

Inspections

In addition, the MRT or the MLT will make scheduled visits to the property to document its condition and ensure the easement terms are met. Landowners who violate easement terms may be required to repay any funds they received under the program with interest.

■ ALE EXAMPLE

Landowners who participate in the grasslands of special significance option of the ALE will be paid approximately

75% of the appraised value of the perpetual easement. The other 25% will be the responsibility of the landowner and the MRT or the MLT.

Expenses Counted Towards Landowner's Share

Expenses that can be counted towards the landowner share may include

- survey
- appraisal
- baseline documentation report
- closing cost of the easement

In the above cases, the landowner can deduct these expenses from his or her income tax.

Limited grazing rights are permitted on the properties included in the ALE, and haying is also allowed after the nesting season for birds. Prohibitions prevent soil disturbance for row crops or other agricultural commodities. Other prohibitions include the rights to subdivide or develop any property included within an ALE.

Sample Calculation

The landowner has 100 acres of native prairie they are interested in placing under an ALE. The land currently appraises at \$4,000 per acre, but after you take away any rights to develop, subdivide, etc., their "after value" is \$1,000 per acre. This leaves a difference of \$3,000, the value of each acre in the easement. So, the \$3,000 per acre value for 100 acres is a total easement value of \$300,000.

Calculation of Easement Value = Land Appraisal Value - Land Value After Restrictions

Ex: Easement Value = \$400,000 - \$100,000
So, the easement is valued at \$300,000

This value is split by federal share (NRCS) and non-federal share (Landowner and MRT or MLT). The landowner is paid 75% of the value of the easement. In this case, it is \$225,000. This is the federal share for this property. The non-federal share is \$75,000. This is the contribution from the landowner and MLT or MRT.

■ HOW ARE ALE PAYMENTS TAXED?

ALE payments are considered capital gains and are taxed at the capital gains rate.



The Mississippi Land Trust works with willing private landowners and government agencies to protect fish and wildlife habitat in Mississippi.

P.O. Box 23 | Stoneville, MS 38776
662.820.9774 | www.mississilandtrust.org



The Mississippi River Trust works with willing private landowners and government agencies to protect fish and wildlife habitat in the Lower Mississippi River region.

P.O. Box 15 | Stoneville, MS 38776
662.820.9774 | www.mississippirivertrust.org



Wildlife Mississippi works with willing private landowners and government agencies to conserve fish and wildlife habitat in Mississippi.

P.O. Box 10 | Stoneville, MS 38776
662.686.3375 | www.wildlifemiss.org