

Williamson Act Agricultural Contracts Tax Incentives for Preserving Properties in Agriculture

History and Background

Land intensive farming and ranching creates economic pressures on agricultural landowners. A viable agricultural operation requires sufficient land. Pressure for development near expanding urban areas puts further economic pressure on farmers and ranchers, and may subject farmers and ranchers to increased property tax exposure.

In 1965 the California State Legislature passed the Land Conservation Act, commonly referred to as the Williamson Act. The Act allows local governments to establish a voluntarily program of restrictive use contracts with private landowners for the purpose of restricting specific parcels of land to agricultural use. In return for voluntarily restricting (contracting) their land, landowners may receive property tax assessments that are lower than normal because assessment can be based upon farming and compatible open space uses as opposed to full market value. In other words assessment is based upon the income-producing value of the property rather than the “highest and best use” value.

The Act is intended to help agricultural landowners by providing property tax relief and by discouraging the unnecessary conversion of agricultural land to non-agricultural uses.

Napa County first entered into Williamson Act contracts in 1969, establishing the Napa Valley and Wooden Valley Agricultural Preserves. Since that time the County has been an ardent supporter of the Williamson Act.

Pursuant to California Government Code (CGC) Section 51230 the County, by resolution and after a public hearing, may establish agricultural preserves and subsequently enter into agricultural preserve contracts pursuant to CGC Section 51240

Property Tax Benefits

For voluntarily restricting an agricultural parcel property owners may be eligible for lower property tax assessments. Property tax assessments under the Williamson Act are the lower of the parcel’s factored Proposition 13 base year value, its current market value or the restricted value based on agricultural income.

Property owners that are considering applying for a contract are encouraged to contact the Assessor Division regarding potential tax benefits of enrolling properties in the Williamson Act. The Assessor Division can provide an estimate for a fee of between \$75 and \$225 depending on the agricultural uses of the parcel.

Contract Types and Qualification

The County currently offers four types of Contracts: Type A, C, H, and E. The contract type is dependent on the zoning designation of the parcel. Type A and C contracts are specific to Agricultural Preserve (AP) zoning districts, and Type H and E contracts are specific to Agricultural Watershed (AW) zoning districts. Type E contracts are also specific to lands that are suitable for commercial mineral extraction.

To qualify for an Agricultural Contract a parcel must meet minimum size requirements and contain a bona fide agricultural use. For prime agricultural land (zoned or AP or meeting the definition of Prime Agricultural land within local rules) a minimum 10-acre parcel is required, for non-prime agricultural land (i.e. grazing land) a minimum 40-acre parcel is required. Parcels less than 10-acres but greater than 5-acres in size can qualify for a Type C contract provided they meet the following: at least 75% of the

parcel is in commercial agricultural use; the agricultural use is commercially viable and constitutes a longstanding community resource; and the agricultural use demonstrates a commitment to sustainable farming practices and contributes to the diversity of crops raised in Napa County

Contract Term and Automatic Renewal

Agricultural contracts have a rolling 10 year term, meaning that each year the contract is automatically renewed for an additional year until the contract is either non-renewed or canceled. Agricultural contracts run with the land and are binding on all successors in interest.

Contract Non-Renewal and Cancellation

The normal method of terminating an agricultural contract is through non-renewal, which can be initiated by either the County or the landowner. When a notice of non-renewal is filed and recorded, the annual tax assessment gradually increases over nine years at which time the contract is terminated.

Cancellation of a contract can only be initiated by the landowner and is an immediate way to terminate a contract. To approve a cancellation, the Board of Supervisors must make specific findings pursuant to Government Code Section 51282. Additionally, the landowner must pay a cancellation fee equal to 12.5% of the unrestricted fair market value of the property if cancellation is approved.

Land Division and Lot Line Adjustment of Contracted Parcels

Contracted parcel(s) are not allowed to be subdivided during the term of the Contract except to the extent permitted by Government Code Section 51230.1 (for immediate family members), or by Section 51230.2 (for agricultural laborer housing).

To facilitate Lot Line Adjustments of contracted parcel(s) the existing contract(s) must be rescinded and replaced by new contract(s) covering the adjusted parcel(s). To accomplish this, the County needs to make the findings pursuant to Government Code Section 51257.

Enrollment Period

The County accepts applications for new Williamson Act Agricultural Contracts during the month of September through the first Friday in October. Contracts for qualifying parcels are recorded by December 31st, following approval by the Board of Supervisors at their first meeting in December.

For existing contract holders who are adjusting parcel lines of contracted parcel(s), as the result of a lot line adjustment (LLA), the existing contract needs to be rescinded and replaced provided the resulting parcel(s) qualify for the Act. Applications to rescind and replace existing agricultural contract(s) as the result of a LLA should be submitted concurrently with the LLA application.

Application Requirements

The following information is required for processing a Williamson Act Agricultural Contract:

- Completed application form signed by the property owner(s) or agent (contracts will ultimately need to be signed by the property owner);
- Proof of agricultural income;
- Legal description of the parcel(s);
- Documentation of ownership (such as a grant deed or title report), including all trust deeds and other recorded encumbrances;
- Documentation of those authorized to sign if the applicant is an LLC, LP or trust (such as bylaws); and
- Application fees: Please contact the Planning Department for new contract and rescind and replace application fees.

Application forms can be obtained from the County Department of Planning Building and Environmental Services.

Additional Information

For additional information and specific details regarding the Williamson Act, qualification requirements, application procedures, or lot line adjustments affecting contracted parcels the Napa County Local Rules Governing the Administration of Agricultural Preserves and California Government Code Section 51200 through Section 51297 should be consulted.

Further information on the Williamson Act can be obtained from the following:

Napa County Engineering and Conservation Division
1195 Third Street, Suite 210
Napa CA 94559
(707) 254-4417
E-mail: cdp@countyofnapa.org
Web: www.countyofnapa.org/Conservation/

Napa County Assessor Division
1127 First Street
Napa CA 94559
(707) 253-4467
Email: assessor@countyofnapa.org
Web: www.countyofnapa.org/Assessor/

Napa County Assessor John Tuteur
(707) 253-4459
Email: john.tuteur@countyofnapa.org

California Department of Conservation, Division of Land Resource Protection
801 "K" Street MS 18-01
Sacramento CA 955814
(916) 324-0850
Email: dlrp@consrv.ca.gov
Web: www.conservation.ca.gov/dlrp/lca