

Voluntary Municipal Farm Support Program

Town of Winslow, Maine

Description of Town of Winslow's Voluntary Municipal Farm Support Program

The Town of Winslow considers agricultural enterprises and agriculturally important soils of the town significant and underappreciated assets. The VMFSP program is meant to benefit farmers and the citizens of the Town of Winslow and the surrounding area by:

- protecting and preserving agriculturally important soils which maintains scenic agricultural land and open spaces,
- easing the financial burden of farmers actively producing local sources of food and fiber
- protecting the Town of Winslow's natural resources and biodiversity

The Town of Winslow's Voluntary Municipal Farm Support Program (VMFSP) is a property tax program intended to reduce the potential tax burden on qualified farms that enter into the arrangement. This farm support arrangement is a tax incentive program to support agricultural enterprises and the production of agricultural crops and to protect and preserve local agricultural lands, *agriculturally important* soils, natural resources and biodiversity.

The program is intended to preserve and protect farmland within the Town of Winslow, especially those farms comprised of soils classified as Prime Farmland, Unique Farmland, Farmland of State Wide and/or Local Importance as defined by USDA-Natural Resources Conservation Service (USDA-NRCS). Participation in the program requires interested landowners with qualified tax parcels to grant an agricultural conservation easement on the tax parcel for a period of 20 years, for which the Town of Winslow will reimburse the owners, up to 100%, of taxes associated with qualified farmland and farm buildings.

General Description of Farm Support Arrangement:

To be eligible for the VMFSP, at least one qualifying tax parcel of the farm must be at least five (5) contiguous acres and the farm must generate a minimum gross income or fair market value of at least \$2000 from the sale of agricultural crops or agricultural products produced on the tax parcel(s). Before applying for the VMFSP, it is required that farmland owners apply to the Town of Winslow's Farmland Property Tax Program. Whether you meet the qualifications of the Farmland Property Tax Program or not you may still be eligible to apply to VMFSP.

Upon approval by the Winslow Town Council the Town of Winslow will reimburse each qualified participant the agreed upon portion of taxes paid by the participant on qualified farmland and farm buildings. Reimbursements will begin the tax year following final approval and signing of the VMFSP's Conservation Easement. Reimbursements will be made at least quarterly depending on when the participant makes their tax payments. To verify compliance with the Conservation Easement the participant must file a Farm Income Report with the Town of Winslow and once every two years schedule a farm visit with the Town's Agricultural Commission and/or Town Assessor.

Eligible Farmland and Farm Buildings

Farmland type – cropland, pasture land, hay land, edible and/or ornamental horticulture land, orchard land, blueberry land, woodland, wasteland (if some contiguous land is cultivated). Special consideration will be given for farmland with soils classified as Prime Farmland, Unique Farmland, Farmland of State Wide and/or Local Importance as defined by USDA-NRCS.

Minimum Acreage - The minimum acreage must be at least one tax parcel of at least five (5) contiguous acres that is producing some agricultural crops or agricultural products using local ingredients.

Farm Income Requirement – the agricultural crops and products produced on the farm must generate a minimum total annual gross income or fair-market value of at least \$2000. Agricultural crops and products may be sold directly on the farm, or sold off the farm to wholesale or retail customers. If some of the agricultural crops and products are used on the farm and/or consumed by the farm household, then fair-market value attributable to those products can be counted toward the income requirement.

Farm Buildings - must be used for the propagation, production, storage and/or processing of agricultural crops and/or livestock, including but not limited to the breeding and housing of livestock, the storage of seed stock, the storage of feed for livestock, milk handling, animal manure and waste management, and equipment and chemical storage and maintenance.

Farmland Exceptions - Farms designated as "Forever Farms" by Maine Farmland Trust may apply under the VMFSP; however these farms are limited to eligible farm buildings only.

Additional Qualified Farmlands and Farm Buildings and Improvements and Farm Residential Buildings

If there are additional lands and buildings that are associated with the farms' Agricultural Management but not specifically with the production of agricultural crops and enterprises the Agricultural Commission will consider such farmland and buildings on a case by case basis.

The Agricultural Commission will require the landowner to demonstrate that any buildings and land that are not involved in producing agricultural crops and products serve a principal function for the farm operation. Such buildings include, but are not limited to, shelters for livestock, equipment storage and maintenance structures and energy generation facilities and residential buildings. Additional land includes, but is not limited to, ponds for fresh water aquaculture, riding trails for Agritourism and sand, clay and gravel mined for building and grading farm roads, woods roads and other such improvements made on the farm only.

Farm Support Arrangement (VMFSP) – Payment Mechanism and Easement Monitoring:

The Town of Winslow will make Farm Support Payments to the grantor of a Qualified Agricultural Conservation Easement on assets the Town of Winslow designates as Qualified Farmland and Farm Buildings. The Qualified Agricultural Conservation Easement must be for a period of no less than twenty (20) years. The Farm Support Payment may be up to one hundred percent (100%) of the annual property taxes assessed on the grantor's qualified farmland and farm buildings provided these payments do not exceed the total fair market value of the Qualified Agricultural Conservation Easement.

Payments to Participants - The Town shall refund up to 100% of Participants property tax payments on assets the Town designates as qualified farmland and farm buildings. The refund will be made within 30 days of each tax payment due date for no less than twenty (20) years, provided these payments do not exceed the total fair market value of the qualified agricultural conservation easement.

Tax Payments; Tax Abatements - Participants shall pay when due all property taxes. If such property taxes are not paid when due, the Town may withhold and suspend all payments to the participant under their agreement until such property taxes and all penalties, interest and other costs relating thereto are paid in full and 100% of such penalties, interest and other costs shall belong to the Town without any obligation to share such penalties, interest and other costs with the participant.

In addition, if a participant institutes any tax abatement proceeding with respect to any of their enrolled property, the Town may withhold and suspend all payments to the participant. Upon final action and completion of such abatement proceeding (whether by administrative or court action or by settlement), the proper amount (based on the results of the abatement proceedings) held shall be paid to the Participant.

The Town and participants acknowledge that all laws of the State now in effect or hereafter enacted with respect to taxation of property shall be applicable and that the Town is not excusing any non-payment of taxes by a Participant. Without limiting the foregoing, the Town and the Participants shall always be entitled to exercise all rights and remedies regarding assessment, collection and payment of taxes assessed on the Participant's property.

Failure to Make Payment - In the event the Town should fail to, or be unable to, make any of the payments required under the foregoing provisions of this program, the item or installment so unpaid shall continue as a limited obligation of the Town, under the terms and conditions of the VMFSP, until the amount unpaid shall have been fully paid.

The payments provided for in this program shall be paid directly to the Participant at the address on file in the Assessor's Office related to the property enrolled in the program.

Limited Obligation - The obligation of the Town to make such payments shall be a limited obligation of the Town payable solely from that portion of taxes paid by the participant and shall not constitute a general debt or obligation of the Town or a general obligation or charge against or pledge of the faith and credit. This agreement shall not directly or indirectly or contingently obligate the Town to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment, excepting the Town's obligation to levy property taxes upon the Participant's property.

Monitoring Each Qualified Agricultural Conservation Easement

The Winslow Agriculture Commission with the Town Assessor shall monitor each accepted Qualified Agricultural Conservation Easement:

- Annually by requiring the filing of a Farm Income Report.
- Every two years by performing an on-site visit which will be performed by a member of the Agriculture Commission and/or the Town Assessor who will verify that the components of the approved VMFSP Farm Application are complete and accurate.
- Each year the Tax Assessor shall file a report to the Agricultural Commission as to the status of each Qualified Agricultural Conservation Easement.

Withdrawal Penalties:

Temporary Cessation of Use – If farmland and buildings that are protected under the VMFSP are inactive for 6 months due to a landowner health issue or a change in farm management, the Town of Winslows' Ag Commission and the Tax Assessor will review the requirements of the VMFSP Farm Support Arrangement and make a written recommendation to the Town Council.

Permanent Cessation of Use or Change in Use – If farmland and/or farm buildings that are protected under the VMFSP are no longer in agricultural use, and no longer meet the eligibility requirements for the classification, then the Ag Commission and the Tax Assessor must deliver a written recommendation that the Town Council nullify all or part of the Voluntary Municipal Farm Support Arrangement, cease all or part of the Farm Support Payments and levy a withdrawal penalty on the landowner. If a permanent cessation of use should be determined to have occurred a withdrawal penalty must be paid in the following manner:

- 100% of the refunded taxes plus interest on the portion of the taxes reduced under the Town of Winslows' Voluntary Municipal Farm Support Program for each year the farmland and farm buildings have been in the program.

Exception – A Penalty shall be applied as a result of permanent cessation of use; essentially any change in use and withdrawal of a tax parcel, except when withdrawal is caused by a transfer resulting from the

exercise or threatened exercise of the power of eminent domain. (See remainder of this section on page 4 (this is a reference to the Tree Growth document, right?))

Determination of Penalty for partial withdrawal – The penalty for withdrawal of a tax parcel or any farmland or farm buildings from the VMFSP program shall be to refund the Town of Winslow of 100% of all applicable taxes under the VMFSP plus interest. Cost to record the amendment to the conservation easement with the Registry of Deeds.

Estimate of Costs to be incurred by the Grantor

Application Fee

Applicants must include a two hundred dollar (\$200), non-refundable, application fee when submitting their Voluntary Municipal Farm Support Program application. Checks and money orders must be made payable to "Town of Winslow".

The application fee will cover the following costs related to the application:

- Recording the easement at the Registry of Deeds
- Photocopying
- Printing
- Postage
- Office Supplies
- Staff time to process the application

Legal Fees

The application fee **does not** cover any legal fees related to the preparation of a conservation easement if a legal review is required. Legal fees are the sole responsibility of the applicant. Before the Town incurs any legal fees related to the preparation of an applicant's conservation easement, the Town will provide the applicant with a good faith estimate of the legal fees. The applicant must then pay the Town for the estimated legal fees before the easement is submitted for legal review. If the actual legal fees are less than estimated then the Town will refund the difference to the applicant. If the actual legal fees are more, then the applicant is required to pay the Town the difference before the application can be processed further.

Please note that in most cases a legal review of the conservation easement may not be necessary.

_____ pick up here at next meeting -----

Farm Application

The farmland owner is responsible for preparing and submitting the Farm Application. *A Town of Winslow Agricultural Commission member or the Town Assessor may assist the applicant with the preparation of the Farm Application. The Agricultural Commission member aiding with the preparation of the Farm Application will be disqualified from the review and acceptance or denial of the application.*

Before applying for the VMFSP, it is required that farm owners apply to the Town of Winslow's Farmland Property Tax Program. The Farmland Property Tax Program provides for the reduction of taxes based on the reduced tax valuation of farmland. If the farmer then applies to and is accepted into the VMFSP the Town of Winslow may pay up to 100% of the tax burden on additional qualifying farmland and farm buildings. (Judy

Farmland Property Tax Program

- Applications to the Farmland Property Tax program must be made before April 1st of each tax year. If the tax parcel is not eligible for the Farmland Property Tax program the letter from the Assessor's office indicating why the property is not eligibility must accompany the application to the VMFSP. Acceptance into the Farmland Property Tax program is not a pre-requisite for the VMFSP.

- Application to the VMFSP is NOT contingent on being accepted into the Town of Winslow's Farmland Property Tax Program.

Farmland Application Requirements:

- A statement, signed by all legal owners of the property, that declares the owners' desire to enter into the Farm Support Arrangement with the Town of Winslow through the granting of a temporary Agricultural Conservation Easement for a term of at least 20 years on a specific Tax Parcel or Tax Parcels of farmland located in the Town of Winslow. This statement shall acknowledge whether the owners will retain professional legal services to review the easement document on their behalf, or have elected to waive any legal representation. The statement shall also acknowledge that if the Town of Winslow approves a Farm Support Arrangement, the owners agree to pay all of the Town of Winslow's cost for preparing and filing the Agricultural Conservation Easement in the Kennebec County Registry of Deeds.
- A Photo ID of the applicants.
- A list of the farmland and farm buildings that would be subject to the proposed Agricultural Conservation Easement.
- An aerial photograph of the property that clearly delineates the farmland, **the soils** and the farm buildings that would be subject to the proposed Agricultural Conservation Easement. If the proposal is approved by the Town of Winslow then the owner may choose, at the owner's expense, to survey the land subject to the easement. Otherwise, the submitted aerial photograph that clearly delineates the subject farmlands, **soils**, farm buildings and easement boundary is sufficient documentation.
- If the owners have a mortgage on the farmland or farm buildings, a list of each mortgaged asset noting the loan amount, pay-off date and lender's contact information.
 - **Foreclosure requirements:**
- A Farm Income Report which lists each Agricultural **or Horticultural** Crop, the **previous tax years** yield based upon the price or value per unit multiplied by the number of units produced; and
- Two letters of support from either individuals or businesses within the Town of Winslow that describe the importance of supporting and protecting the specific farmland, **soils** and farm buildings through the VMFSP

Town of Winslow Deadlines for applications to VMFSP

- All applications for VMFSP must be received by October 1st
- Town of Winslow's Agricultural Commission must review and decide, for each application, whether to accept or deny all or part of the farmland and farm buildings by December 31st.
- All approved farmland and farm buildings will be eligible for tax reductions beginning with the next tax cycle, which will begin April 1st.

Town of Winslow Review of Farm Applications to Designate Qualified Farmland and Farm Buildings.

- The farm application for participation in the Voluntary Municipal Farm Support Program shall be stamped with the date and time they were received by the Assessing Office. The Assessors office will review the application for completeness. The Assessors office will request in writing any information necessary to complete the application. If the Farm Application or part of the Farm Application is incomplete, the Town of Winslow shall provide the applicant written notification that it's Farm Application is incomplete and shall provide guidance as to whether the applicant can resubmit a complete Farm Application.
- The Agricultural Commission members will each review the application.
- The Town of Winslow Agricultural Commission shall schedule a meeting and a site visit with the applicant.
- A written summary of each site visit will be sent to the applicant.
- The Agricultural Commission shall document of each Farm Application in a written summary that:

- Notes any communications about the Farm Application between both the Town of Winslow Assessors Office and the Agricultural Commission with the applicant.
 - Identifies which farmlands and farm buildings within the Farm Application it will recommend as "Qualified Farmland and Farm Buildings" for the Town of Winslow's Town Council to consider for the proposed Farm Support Arrangement.
- After review and approval of the Farm Application the Conservation Easement will be drafted and a Subordination agreement for all mortgaged property will be requested from the lenders. Once all Subordination agreements have been received the recommendation will be forwarded to the Town Council.