

WORKING LANDS EASEMENT CASE STUDY

Bob and Sue Kittridge own Big Diamond Ranch, 15,000 acres of rangeland in Malheur County. Big Diamond has been in family ownership since the 1930s, and the Kitteridges own it free and clear, except for a loan owed to Sue's brother which is secured by a portion of the ranch. Bob and Sue are in their early 60s. They've thought about selling all or a portion of the ranch, but their adult children want the ranch to stay in the family and have been active in ranch operations.

There are two homes on the ranch and a barn, shop, and equipment shed, all located on a 5-acre parcel. Willow Creek runs through the property and the Kitteridges have water rights on the creek. Approximately 50% of Big Diamond Ranch has been identified as core sage grouse habitat, and recently the Kitteridges have been working on a Candidate Conservation Agreement with Assurances for the Greater Sage Grouse. Under this 30-year agreement, the Kitteridges would agree to certain conservation measures including a prohibition on habitat fragmentation that would preclude division of their ranch. Other CCAA conservation measures would prohibit grazing in certain areas for a few months every year. Independent of this agreement, one of Kittridge children is interesting in restoring the riparian areas along Willow Creek to improve water quality, stream flows and wildlife habitat. The ranch also supports a healthy mule deer population and is part of a migration corridor for pronghorn antelope.

The Kittridges certainly don't feel like millionaires, but their ranch land puts them in that category. Comparable ranch land in Malheur County has been selling for over \$500/acre. Big Diamond is zoned for Exclusive Farm Use, which prohibits establishment of a lot or parcel of less than 160 acres. Bob and Sue want to pass their ranch intact to the next generation and are concerned about estate taxes. They are aware that a conservation easement might provide a mechanism for reducing their estate tax burden. They're also wondering whether a conservation easement might provide other tax and financial benefits.

WORKING LANDS EASEMENT CASE STUDY QUESTIONS

Group 1: Landowner Questions:

Many landowners hesitate to consider donating conservation easements on their land because of concern regarding potential impacts on their private property rights. Many of these concerns are valid and conservation easements are not the ideal solution for everyone. How could each of these questions be answered?

1. How would the value of a conservation easement on Big Diamond Ranch be determined?
2. What are potential income, property and estate tax benefits?
3. What are the costs associated with granting a conservation easement?
4. Will a conservation easement reduce the value of my land?
5. Will a conservation easement tie the hands of my heirs?
6. Will a conservation easement open my land to the public and increase my liability risk?
7. How do monitoring visits work?

Group 2: Conservation Easement Drafting – Assume you are drafting a conservation easement for Big Diamond Ranch.

1. What are some of the identifiable conservation values of Big Diamond Ranch?
2. What are the threats to these values?
3. How could an easement be drafted to protect the identified conservation values?
4. What are permitted uses and restrictions?
5. Could these restrictions be monitored and enforced?
6. How would the Kittridge's water rights be treated in this conservation easement? Are the water rights necessary to the conservation values to be protected?

Group 3: Organizational Capacity, Partnerships and Funding

1. An organization should not accept an easement unless the particular easement furthers the organization's purposes and strategic plan. What purposes would an easement on Big Diamond Ranch serve?
2. What resources/capacity must the easement holder have to monitor and enforce the easement?
3. What agencies and/or organizations are potential partners in developing the easement, funding its acquisition or providing funds or services for stewardship?