

# California Department of Conservation

## Williamson Act Program Overview

### History

The California Land Conservation Act, better known as the Williamson Act, has its roots in the immediate post-World War II period. During that time California's agricultural and open space lands began to face dramatically increasing conversion pressures from population growth, new commercial enterprises, and rising property taxes. Valuable farmland began disappearing at an alarming rate as conversion to urban uses became the only financially viable alternative for many landowners. The Williamson Act evolved, and continues to evolve, as a statewide strategic response to these pressures.

In 1965, an interim committee of the California Assembly generated Assembly Bill 2117 (authored by John Williamson). This bill proposed the use of contracts between landowners and local governments to voluntarily restrict development on parcels for a minimum of ten years. Proponents of the legislation felt that contractual restrictions on development would cause property tax assessments to begin leveling off. In practice, however, landowners, assessors, and local governments seemed unconvinced that the restrictive contracts could provide a basis for lower tax assessments. In the two years following passage of the Williamson Act, only 200,000 acres were enrolled under contract in six counties.

The program might have remained small if not for the addition of Article 28 (now part of Article 13) to the state's Constitution. Article 13 declares the interest of the state in preserving open-space land and provides a constitutional basis for valuing property according to its actual use. The amendment had originated with groups interested in the preservation of open-space land. Agricultural interests added their support after recognizing the importance of a constitutional backing for preferential tax assessments. Article 13 allows preferential assessments for recreational, scenic, and natural resource areas as well as areas devoted to production of food and fiber.

Supporters of the Williamson Act had hoped that financial assistance from the state to local governments would be part of the program. They believed financial support would provide a tangible incentive for local governments to initiate more contracts by partially replacing property tax revenues lost on enrolled land. State funding was provided in 1971 by the Open Space Subvention Act, which created a formula for allocating payments to local governments based on acreage enrolled in the program.

In 1978, the passage of Proposition 13 changed tax assessment practices, limiting valuations to a static base year. Many assumed that this new assessment scheme would severely limit the value of the tax relief offered by the Williamson Act, and that acreage enrolled in the Program would plunge. In fact, however, Proposition 13 has had a negligible effect on Land Conservation Act participation. A study regarding the effects of Proposition 13 on the overall tax benefits of the Williamson Act found that the average tax savings realized as a result of participation in the program had dropped by only about 20 percent. The average tax savings still amounted to as

much as 83 percent, depending upon how recently the property in question had changed ownership.

The Williamson Act Program has remained stable and effective as a mechanism for protecting agricultural and open space land from premature and unnecessary urban development. Participation in the program has been steady, hovering at about 16 million acres enrolled under contract statewide since the early 1980s. This number represents about one third of all privately held land in California, and about one half of all the state's agricultural land. Every indication points to an indefinite continuation of this level of participation into the future.

## **Objectives**

The Williamson Act is a means to restrict the uses of agricultural and open space lands to farming and ranching uses during the length of the contract period. The Williamson Act Program was also envisioned as a way for local governments to integrate the protection of open space and agricultural resources into their overall strategies for planning urban growth patterns. To this end, three principal objectives were originally outlined:

### **Protection of Agricultural Resources**

The Land Conservation Act recognizes the importance of agricultural land as an economic resource which is vital to the general welfare of society. The enacting legislation declares that the preservation of a maximum amount of the limited supply of agricultural land is necessary to the conservation of the State's economic resources, and is necessary not only to the maintenance of the agricultural economy of the State, but also for the assurance of adequate, healthful and nutritious food for future residents of California and the nation.

While the Land Conservation Act sets forth its own definition of prime agricultural lands, these lands are not necessarily identified by the Act as a higher priority. As a result, some critics have contended that the Land Conservation Act Program protects primarily range and grazing land as opposed to the state's highest quality (prime) agricultural land. These critics support their argument by correctly noting that roughly two-thirds of the land enrolled under Land Conservation Act contract is classified as non-prime. This statistic alone, however, gives a misleading impression of the program if not considered in context.

The proportion of prime to non-prime Land Conservation Act land is actually very consistent with the overall composition of the state's total farmland. According to statistics compiled by the California Department of Food and Agriculture (1995), about 30 million acres of land are in active agricultural production statewide. Roughly 8 million of these acres are irrigated. Since irrigation generally occurs in California only on prime or similar quality soils, these figures indicate that the composition of the state's agricultural lands consist of a ratio of about 36 percent prime or similar quality soils to about 64 percent other, non-irrigated soils (this 64 percent consists primarily of dry-land grain crops or range and grazing land). This relationship is nearly identical to the Land Conservation Act's proportion of prime to non-prime lands.

The protection of lesser quality soils, however, should not necessarily be considered a low priority. While the per acre production potential of these lands are not as high as irrigated areas, they are nonetheless an important economic resource. The sale of cattle and calves, for example, ranks third among dollar values for all California agricultural commodities (California Department of Food and Agriculture 1995). The production of this commodity group is supported primarily on range and grazing lands. While these lands usually do not qualify for prime classification under the Land Conservation Act because their per acre production value is not high enough, they nonetheless sustain some of the state's most important agricultural activities. The 10 million acres of nonprime land enrolled under Land Conservation Act contract clearly represent a vital agricultural resource.

### **Preservation of Open Space Land**

In addition to the conservation of agricultural land as an economic resource, the Land Conservation Act also recognizes the importance of preserving land for open space purposes. The Act declares that in a rapidly urbanizing society, agricultural lands have a definite public value as open space, and the preservation in agricultural production of such lands constitutes an important physical, social, esthetic, and economic asset to existing or pending urban or metropolitan developments.

The preservation of land for open space encompasses merits that are less tangible than the significance of agricultural land as an economic resource. Open space lands, which include California's oak savanna, offer immeasurable scenic and recreational values. Perhaps just as important, open space lands form portions of upland watersheds whose protection from unnecessary subdivision and development is important to water and stream quality, wildlife habitat, downstream flood management, and provision of buffers between agricultural and other uses. The benefits of the Land Conservation Act in protecting open space land are of considerable significance, and not necessarily less than the benefits of protecting prime lands.

### **Promotion of Efficient Urban Growth Patterns**

The Land Conservation Act recognizes the enormous costs to both the economy and the environment of haphazard, opportunistic, and sprawling patterns of urban development. One of the most important stated goals of the Act is the discouragement of such patterns through farmland and open space preservation. The Land Conservation Act declares that this goal is a matter of public interest and will be of benefit to urban dwellers themselves by discouraging discontinuous urban development patterns which unnecessarily increase the costs of community services to community residents.

A study of issues related to Land Conservation Act costs and benefits found that local government officials and planners generally felt that the Land Conservation Act was an effective tool in helping to promote orderly patterns of urban development. According to the local planners and landowners surveyed, the Land Conservation Act offers the only means for local governments to set-aside large, contiguous areas as designated farming districts (agricultural preserves). Planners felt that general plan designations and zoning were inadequate by

themselves for this purpose. Agricultural preserves combined with enforceable contractual restrictions are not as vulnerable as general plans to short-term shifts in local political-economy.

### **Program Structure and Administration**

The Williamson Act Program enables local governments to enter into contracts with private landowners for the purpose of restricting specific parcels of land to agricultural or related open space use. Private land within locally-designated agricultural preserve areas is eligible for enrollment under contract. The minimum term for contracts is ten years. However, since the contract term automatically renews on each anniversary date of the contract, the actual term is essentially indefinite.

Landowners receive substantially reduced property tax assessments in return for enrollment under Williamson Act contract. Property tax assessments of Williamson Act contracted land are based upon generated income as opposed to potential market value of the property. Prior to 2010, local governments received a partial subvention of forgone property tax revenues from the state via the Open Space Subvention Act of 1971.

Contracts may be exited at the option of the landowner or local government by initiating the process of term nonrenewal. Under this process, the remaining contract term (nine years in the case of an original term of ten years) is allowed to lapse, with the contract null and void at the end of the term. During the nonrenewal process, the annual tax assessment continually increases each year until it is equivalent to current tax rates at the end of the nonrenewal period. Under a set of specifically defined circumstances, a contract may be cancelled without completing the process of term nonrenewal. Contract cancellation, however, involves a comprehensive review and approval process, and the payment of a fee by the landowner equal to 12.5 percent of the full market value of the property in question. Local activities such as eminent domain, or, in some rare cases city annexation, also result in the termination of Williamson Act contracts. For more information on how Williamson Act contracts are removed, visit the Removing Contracts page.

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