Purchase of Agricultural Conservation Easement Programs

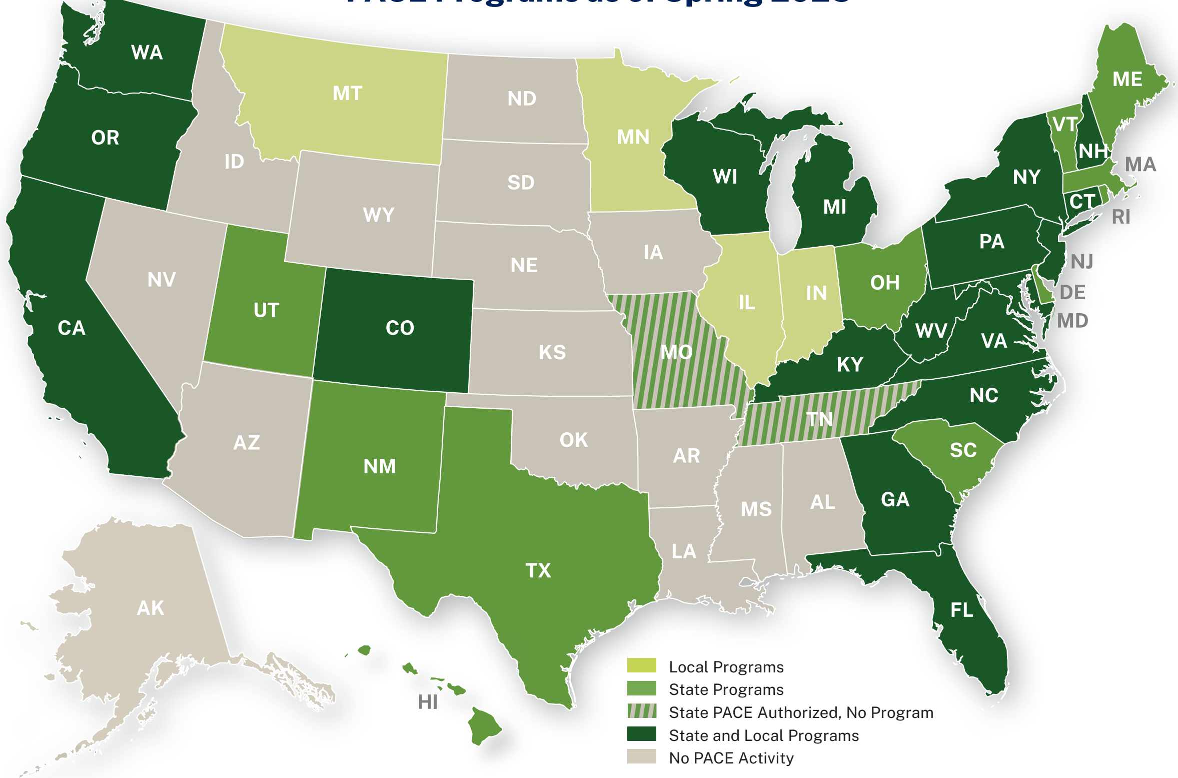
WHAT ARE PACE PROGRAMS?

Purchase of agricultural conservation easement (PACE) programs, also known as purchase of development rights (PDR) programs, pay landowners to keep their land available for agriculture. These voluntary programs fund the purchase of agricultural conservation easements (ACEs) from landowners. ACEs are permanent deed restrictions that protect agricultural resources by enabling an easement holder to limit activities that could interfere with farming and ranching. Landowners retain all other rights, including the right to limit public access, and to sell, rent, or bequeath the land. Easements "run with the land," binding all future owners. In general, programs are authorized and administered by state or local governments and may be supported by land trusts and conservation districts.

PACE programs provide landowners with liquid capital that can be invested back into the farming operation and create a financially competitive alternative to development. There may be income and property tax benefits to placing an easement on land as well. PACE programs also help ensure land is available to the next generation of farmers. Removing the development potential from farmland makes the land more affordable and enables new producers to enter into agriculture or allows the children of farm families to purchase the land.

PACE programs save a supply of agricultural land in places experiencing development. Blocks of protected land create areas that can support viable farms and ranches and sustain vital agricultural infrastructure. PACE programs also safeguard investments in conservation practices, ensuring that steps taken to improve management on the farm are not undone by development. As publicly funded programs, PACE programs allow states and communities to share in both the cost of protecting farmland and the benefits that come with protecting this land. In protecting agricultural land, PACE programs can also conserve scenic and historic landscapes, open space, watersheds, and wildlife habitat, and contribute to local economies.

PACE Programs as of Spring 2025



History of PACE Programs

Concern about regional food security and the loss of open space motivated the creation of early programs. Suffolk County, New York, created the nation's first PACE program in 1974. Maryland and Massachusetts authorized PACE programs in 1977, followed by Connecticut in 1978 and New Hampshire in 1979. The number of state-level programs continued to grow during the 1980s with the addition of Rhode Island in 1981, New Jersey in 1983, Vermont in 1987, and Pennsylvania in 1988. Following the creation of the Suffolk County PACE program, the number of local programs grew steadily over the next two decades.

The creation of the federal Farmland Protection Program in 1996 provided matching funds for state, local, and tribal governments to buy easements on agricultural land, which spurred additional activity. Since then, the Agricultural Land Easements component of the federal Agricultural Conservation Easement Program (ACEP-ALE) and its predecessor programs have invested more than $2.2 billion to advance state and local efforts.

As of spring 2025, there is state and/or local level PACE activity in 35 states. At the state level, 29 states operate 37 programs — some states have more than one PACE program. Two additional states, Missouri and, more recently, Tennessee, have authorized PACE but do not yet have programs. Four further states have only local-level PACE programs. Nationwide, there are at least 108 local-level PACE programs.

PROGRAM AUTHORIZATION

State and local governments enact laws to create PACE programs. Most enabling laws include a purpose statement, usually with a focus on the protection of agricultural resources, authorizing the acquisition of ACEs from private landowners, identifying a public entity to administer the program, and establishing minimum eligibility criteria. Enabling laws may also set up an oversight committee to help develop program policies and select projects.

Some programs directly acquire and hold easements. Program staff review applications, complete real estate transactions, and monitor and steward easements. Other programs are implemented in partnership with local governments or a local land trust to acquire easements. In these cases, the program typically sets broad eligibility and ranking criteria, providing a strategic framework for projects. Partners are often empowered to adjust ranking criteria to reflect local conditions in alignment with broader priorities. Another approach, common among state-level PACE programs, is to provide grants to other entities — local governments and land trusts — to purchase and hold easements while the state retains a right of enforcement. A few state-level PACE programs have changed their approach over time or use multiple methods at once.

FUNDING SOURCES

Identifying a consistent source of funding is a primary consideration for PACE programs. Sources dedicated to PACE programs in law are more reliable over time. Lawmakers typically specify state-level funding sources in statutes or, more rarely, constitutions. State lawmakers must explicitly enable localities to establish their own sources of funding where local governments have limited authority. Local governments in "home rule" states, however, have broader authorities and can impose taxes and fees and borrow money to fund PACE programs. Many localities' powers fall somewhere in between.

State and Local Funding Sources

Appropriations and bonds are the most common sources of funding. Legislative bodies appropriate money from a general fund for a particular use during annual or biennial budget approvals. Appropriations tend to be smaller amounts and typically provide start-up money or supplement other sources. Using bonds to borrow money enables programs to commit larger sums up front to farmland protection, though interest increases the overall cost. General obligation bonds borrow against future tax revenue and often require voter approval, while revenue bonds are backed by explicit revenue streams, such as fees or specifically designated taxes.

Dedicated taxes and fees can provide a steady stream of revenue. Localities may approve additional mill levies or sales taxes. States have enacted real estate transfer taxes to collect a percentage of the sales price when ownership changes hands. They have also authorized recording fees — based on a flat rate or property value — to file deeds and other documents in land records. Both funding sources tie program revenue to development activity, increasing when the real estate market is active. A smaller number of states and localities rely on penalties levied when land enrolled in an agricultural property tax relief program is converted to an ineligible use or withdrawn before the end of a specified term. Penalties can take the form of paying rollback taxes, a fee, or sometimes both.

Some innovative funding sources have also been among the most lucrative. Mitigation fees require developers to protect a proportional amount of land to that being developed or pay a fee in lieu dedicated to farmland protection. California's state programs receive cap and trade proceeds to fund farmland protection. State-level programs in Colorado and Florida receive dedicated revenue from gaming and lotteries.

Federal Funding Sources

Federal programs supplement and help extend state and local dollars. ACEP-ALE, implemented by the USDA Natural Resources Conservation Service (NRCS), provides matching funds to eligible entities. It is the only federal program dedicated to the protection of agricultural land. The agency's Regional Conservation Partnership Program (RCPP) has a broader resource protection mandate, which can include funding for the protection of both working and natural lands. Other federal funding sources include the Department of Defense's Readiness and Environmental Protection Integration Program; U.S. Fish & Wildlife's Recovery Land Acquisition Grants and North American Wetlands Conservation Act grants; and, less commonly, FEMA's Hazard Mitigation Grant Program. Finally, federal transportation dollars can be used for easement acquisitions around transit corridors and to protect scenic byways.

Top States by PACE Investments to Date

STATE	SPENDING THROUGH 2024	AVERAGE ANNUAL SPENDING	FUNDING SOURCES
New Jersey	$1.2 billion	$31.9 million	**Corporate business tax**, bonds, sales tax
Pennsylvania	$1.2 billion	$35.4 million	**Excise tax (cigarettes)**, drilling fees, tipping fees, use value assessment withdrawal penalties
Maryland	$1.1 billion	$26.1 million	**Real estate transfer tax**, agricultural transfer tax
California	$345 million	$12.8 million	**Cap and trade auction proceeds**, bonds, mitigation fees
New York	$303 million	$11.7 million	License plate fees, real estate transfer tax, unclaimed container deposits

Primary funding source appears in **bold**.

PROGRAM IMPLEMENTATION

Project Selection

One way programs direct investment is by establishing minimum eligibility criteria, often found in the enabling statute or ordinance. Criteria typically include the presence of productive agricultural soils, minimum parcel size, land in agricultural use, and consistency with local planning and zoning efforts. Some programs have linked eligibility to other farmland protection programs, such as enrollment in an agricultural district or current use property tax assessment programs, which help ensure projects are in areas planned for agriculture and are in active agricultural use.

Programs use ranking criteria to prioritize parcels, enabling staff to select projects based on objective criteria. Ranking systems are often based on the NRCS's Land Evaluation and Site Assessment (LESA) system. A LESA system evaluates a parcel's relative agricultural importance using factors to represent soil quality and other site-specific factors, including development pressure and nearness to other protected land.

In addition, state-level programs may have guidelines for allocating funds among participating localities or regions at the start of a funding cycle. Some spread out funding, offering opportunities statewide. Others target investments toward important agricultural areas and communities that have demonstrated support for agriculture. A small number of programs do both.

Easement Terms

Most public programs use a template agricultural conservation easement or develop minimum terms to be incorporated into a grant recipient's easement. PACE program easements typically establish the protection of agricultural resources as a primary purpose. Some also aim to support agricultural viability, encourage soil health, and maintain affordability. PACE program easements allow agricultural production by right and do not restrict farming practices. About one-third of state PACE programs and many local programs require conservation or farm management plans to be developed and/or implemented by referencing the plan in the easement. ACEs generally prohibit or restrict activities that threaten agricultural resources or agricultural use, such as non-farm commercial and residential development or subdivision. A few public programs use mechanisms to maintain affordability for producers, including options or preemptive rights for the easement holder to purchase the land at its agricultural value when offered for sale and requirements to keep land in active agricultural use.

In addition, ACEs can permit certain compatible uses and activities under specific conditions. Public programs set procedures to streamline the approval process and ensure consistent decision-making, which gives farmers and ranchers more certainty to run their business. For example, farm and ranch dwellings and housing for farm workers may be allowed but restricted to building envelopes or limited in size. Impervious surfaces may be authorized but capped to a percentage of the protected parcel. Subdivision can be allowed if the easement holder determines that the resulting parcels are still viable for agriculture. Rural enterprises that contribute to the farm's viability often are permitted with prior approval. Renewable energy structures may be installed, but provisions often require that they be sited on less productive land and that they generate energy for on-farm use.

Easement Valuation

Public programs usually specify how the monetary value of easements is determined. Most require qualified appraisers to estimate values. They often calculate the difference between the fair market value of land and its restricted value using comparable sales data. Easement values are impacted by the restrictions included in the easement and the degree of development pressure. A few PACE programs use alternate valuation systems. This can include using area-wide real estate market analyses to establish a set price per acre for all conservation easements in the area. Other programs combine market analyses with systems to assign dollar values for priority property attributes that may not be recognized by traditional appraisals. A few PACE programs use appraisals to estimate fair market value, then use formulas based on rental rates to establish agricultural value. These systems, however, cannot be used to determine easement value for certain funding partners or for a qualified conservation contribution.

Program Expenditures

PACE programs compensate landowners for protecting their land with a permanent ACE but may set limits on landowner payments to stretch public dollars. Many programs pay a set percentage of the easement value; a few establish per-acre or per-project caps. Some require partner entities to make a cash contribution. PACE programs may also prioritize projects where landowners accept less than the full easement value. Some public programs have the authority to make payments in installments, which reduces the initial expenditure and provides tax benefits to some landowners. PACE programs typically cover transaction costs, such as appraisals, surveys, and legal fees. They also cover the costs of stewardship and monitoring when they directly acquire easements or make funds available to easement holders for this purpose.

MONITORING AND STEWARDSHIP

Public programs and easement-holding partners ensure easement terms are met in perpetuity. PACE programs employ staff or enter into agreements with local land trusts, soil and water conservation districts, or use volunteers to conduct regular easement monitoring through onsite visits and remote sensing. Stewardship monitors compare current property conditions to the documented baseline, record changes, and note any failure to implement required practices. If changes violate the terms of the easement, program staff work with landowners to find a resolution and head off enforcement actions. When necessary, programs can draw on public resources, including staff attorneys and state attorneys general, to enforce the easement terms by taking legal action.

Programs generally allow easement amendments to make minor corrections, but more significant changes require public entity and sometimes judicial review. Program staff are routinely asked to consider boundary adjustments, changes, or final delineations of building envelopes and subdivisions. In rare cases, including eminent domain actions, programs may terminate easements. The deed of easement, as well as applicable local, state, and federal laws, describes the conditions under which easements may be extinguished. Each interest holder is entitled to compensation, often in proportionate shares. Easements do not necessarily offer protection from eminent domain but may discourage it. Easements held by PACE programs establish a pre-existing public purpose, creating a higher legal barrier for the eminent domain project proponent. The relative authority of different levels of government also comes into play. In general, local governments do not have the authority to extinguish a state or federal property interest. Finally, while eminent domain could be used to terminate a landowner's interest, the proponent would still be subject to the easement. As a result, PACE programs may head off some eminent domain actions or negotiate with the proponent to reduce the impact of the project.

For more information about PACE programs, see the **PACE Policy Dashboard**, the **Status of State PACE Programs fact sheet**, the **Status of Local PACE Programs fact sheet**, and other PACE resources on the **Farmland Information Center (FIC) website.** The FIC is a clearinghouse for information about farmland protection and stewardship and is a public/private partnership between the USDA Natural Resources Conservation Service and American Farmland Trust.