

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6283**

**BILL NUMBER:** HB 1521

**NOTE PREPARED:** Nov 12, 2020

**BILL AMENDED:**

**SUBJECT:** Agricultural Conservation Easements.

**FIRST AUTHOR:** Rep. Bauer M

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**  GENERAL  
 DEDICATED  
 FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** *Agricultural Conservation Easement Program and Fund:* This bill requires the Indiana State Department of Agriculture (ISDA) to establish a program to assist individuals in creating agricultural conservation easements for agricultural land. It requires the ISDA to assist individuals and local governments in obtaining agricultural conservation easements through federal programs. It also creates the Agricultural Conservation Easement Fund to purchase permanent agricultural conservation easements.

*Property Tax Assessment:* This bill provides that an agricultural conservation easement that meets the conservation easement requirements shall be assessed and taxed on a basis that reflects the easement.

*Eminent Domain:* This bill provides that the state or a unit of local government may not acquire an interest in any real property through eminent domain if the real property is subject to an agricultural conservation easement, unless permission has been granted by the ISDA director..

*Public Utilities:* This bill specifies that an agricultural conservation easement does not affect the ability of a public utility or a municipally owned utility to acquire property or property rights to be used in connection with the provision of utility services to the public.

**Effective Date:** July 1, 2021.

**Explanation of State Expenditures:** *Agricultural Conservation Easement Program and Fund:* This bill defines the criteria for eligible agricultural conservation easements and restricts the ISDA from paying more than 50% of the fair market value of the easement, but allows them to leverage matching dollars from federal sources, local units of government, and private sources. This bill establishes that the new nonreverting

Agricultural Conservation Easement Fund, to be administered by the ISDA, may not be used to acquire interest in any real property through eminent domain. This bill allows the ISDA to adopt rules to administer the program and the fund, but does not make an appropriation to the fund. The program expenditures will depend on available federal funds, appropriations by the General Assembly, and the number of qualifying easements.

This bill provides that the state or a unit of local government may not acquire an interest in any real property through eminent domain if the real property is subject to an agricultural conservation easement, unless permission has been granted by the ISDA director. This bill's requirements do represent an additional workload and/or expenditures on the agency outside of the agency's routine administrative functions, but may be fulfilled utilizing existing staff and resources.

*Indiana Land Resources Council:* This bill allows the ISDA to request a review of the proposed agricultural conservation easement from the Indiana Land Resources Council and allows the Council to advise them. If the Council holds more meetings to review proposed easements and advise the ISDA, expenditures could increase for member per diem and travel reimbursement.

**Explanation of State Revenues:** *USDA's Agricultural Conservation Easement Program (ACEP):* Revenue for the program in this bill may increase if the ISDA is able to obtain matching funds from ACEP or from local government units. ACEP's purpose is to conserve agricultural lands and wetlands. ACEP guidelines only allow funding for up to 50% of the fair market value for agricultural land easements, requiring matching funds. *[ACEP has contributed over \$54.5 M in funding in Indiana for 116 wetland easements (8,983 acres) and 1 agricultural easement (172 acres).]*

**Explanation of Local Expenditures:** *Matching Funds:* Local expenditures may increase if local government dollars are used to match state or federal money to purchase agricultural conservation easements.

**Explanation of Local Revenues:** *Property Tax Assessment:* This bill has no effect on the assessment of property subject to an agricultural conservation easement. Under the bill, one requirement for land to be subject to an easement is that it has an agricultural use, and is, therefore, already assessed accordingly.

**State Agencies Affected:** Indiana Land Resources Council; Indiana State Department of Agriculture.

**Local Agencies Affected:** Any local unit with lands that meet the requirements of the bill.

**Information Sources:** USDA, Agricultural Conservation Easement Program, [https://www.nrcs.usda.gov/Internet/NRCS\\_RCA/reports/srpt\\_cp\\_acep.html](https://www.nrcs.usda.gov/Internet/NRCS_RCA/reports/srpt_cp_acep.html)

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