

Secure farmland and water for Colorado's next agricultural generation

# Secure Colorado's Farmland and Water for the Next Generation

## The Issue: A Nation-Leading Loss

Colorado is experiencing a nation-leading loss of agricultural land, with **1.6 million acres taken out of production in the last five years**. This critical trend is driven by soaring land and water prices and rapid suburban development. Existing tools, such as conservation easement donations, are not always feasible or a good fit to prevent the loss of productive farmland.

## The Solution: Expand the Colorado Agriculture Future Loan Program

We request a modification to the Colorado Agriculture Future Loan Program statute to create a powerful, flexible tool for land protection.

- **Expand Revolving Loan Eligibility:** Update the Colorado Agriculture Future Loan Program statute to authorize CDA to provide short-term loans through our partner financial institution to state certified conservation easement holders and water conservation and conservancy districts for the conservation of farmland and associated water.
- **Secure Agricultural Use:** Enable qualified entities to use this financing tool to purchase at risk farmland and preserve it, guaranteeing its long-term protection.
- **Transfer to the Next Generation:** Prioritizes projects where farmland will be sold to a beginning farmer or rancher at its reduced agricultural value.



## Projected Impact and Benefits

- Allows for local decision making
- Loans will be financed with private funds, without utilizing existing program capital.
- Finances 3 to 5 farmland protection transactions annually
- Increases land access and ownership for new and beginning farmers.
- Protects Colorado's agricultural heritage and future by securing vital land and water resources.

**Support the modification of the Colorado Agriculture Future Loan Program statute to preserve our state's vital agricultural land and water.**

# Example: A \$1 Million Farm Protected for \$80K

This mechanism creates a strong return on investment for the state and conservation partners:



**Step 1 Purchase:** A Water Conservancy District identifies an farm at-risk of imminent development worth \$1,000,000 and receives a \$1,000,000 CDA loan to purchase it.



**Step 2 Protection:** The District donates a conservation easement worth \$400,000 to a Land Trust.



**Step 3 Tax Credits:** The District claims tax credits worth \$320,000.



**Step 4 Transfer:** The District sells the conservation easement encumbered property to a new and beginning farmer for its discounted value of \$600,000.



**Step 5 Result:** The District and Land Trust protect the productive agricultural land and water for an investment of only \$80,000 (plus transaction costs) paid by their members, supporters or outside grants. The CDA loan is repaid by the District in approximately 18-24 months utilizing the proceeds from the tax credit and sale of encumbered property, making the capital available for a new loan.

## Why This Mechanism Is Essential

It bypasses limitations of existing tools driven by soaring land and water prices and rapid suburban development.

It guarantees the long-term protection of productive farmland and associated water.

It enables a new generation of farmers to afford property at a discounted agricultural price.