

What “Horses As Ag” Means In Sonoma County

There are some clear benefits and some uncertainty.

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It’s a war that Michael Murphy, the Sonoma County Horse Council’s advisory chairman, has been waging for about 15 years, and the Sonoma County Board of Supervisors’ decision in December to amend the General Plan was a major victory for horse owners.

The General Plan, the document that sets policy for all land-use and real-estate decisions by county elected officials and the staff, now classifies horses as livestock and, thus, horse properties as agricultural properties. Changing this document’s definition was certainly a key battle, a turning point for horse owners.

“It’s a stepping stone,” recalled Murphy, noting that convincing the county’s leaders to legally consider horses as livestock was the main reason he and others formed the Sonoma County Horse Council in 1993.

The updated General Plan now states:

“GOAL—Provide for the raising of horses in the same manner as the production of other agricultural products.

“Objective 1. Allow the raising of horses and related facilities and activities in all agricultural areas.

“Objective 2. Provide opportunities for the development of support facilities for the horse industry on appropriate lands, consistent with best management practices.

“The following policy shall be used to ... permit raising of horses and related facilities in the same manner as other agriculture production uses.”

But the decision is so new and so potentially wide ranging that even Murphy isn’t sure what all its effects will be. The supervisors’ decision means that county staff members will have to do business in a way that’s a rather dramatic shift from the way they’ve operated for decades. It could have significant effects on land-use and taxation decisions, in ways that should be good for landowners and horse owners but that could adversely affect the county financially in the near term.

“What we need is for someone to test it, for someone to buy a property that’s under the Williamson Act and keep only horses, not cows or sheep or pigs. We need them to do that, to get approved by the county for falling within the Williamson Act criteria by having horses, and we need them to apply for agriculture grants,” said Murphy.

Recreation And Agriculture

The one hitch in the Sonoma County General Plan's amendment is the following sentence: "Equestrian uses conducted primarily for recreational or other non-agricultural uses are not considered agricultural uses in this context."

This onerous sentence results from the U.S. Department of Agriculture's definition of a horse farm, which does not recognize boarding, training or lessons as agricultural uses, since they don't fit the USDA's definition of an agricultural product. In its census, the USDA only counts horses owned by the farm's owner—not horses boarded there by other owners because the farm owner cannot sell those horses as products.

"I've asked the county to delete that sentence," said Murphy. "Even if horses are used to recreation, they're still large animals that eat a minimum of six tons of hay, take up acreage to live, and defecate approximately 18,000 pounds a year."

Although that sentence hasn't been deleted yet, Murphy said that so far his discussions with county staff members regarding this change have been "very positive."

He said that staff members' major concern is loss of revenue from land-use permits, required for people to keep horses on the majority of county properties.

Horses have historically generated two sources of public revenue, one for the county and one for the state. The county's revenue source is land-use permits, which are required to keep horses on any property unless it's designated agricultural by being enrolled in the Williamson Act (see sidebar). The reclassification means that use permits won't be necessary as long as the property is within one of the county's designated agricultural zones. (Not all land in the agricultural zones is enrolled in the Williamson Act.)

Murphy said that no one knows exactly how many of Sonoma County's 18,000 horses are housed in agricultural zones.

The state's equine revenue source comes from sales tax on the things people buy to care for their horses—including hay, grain, bedding and other products. Cattle, goat, sheep and pig farmers don't have to pay the 12.9-percent sales tax on these necessary commodities, but horse owners do. "Sales tax is definitely a gray area that hasn't been worked out yet," said Murphy.

That potential loss of state revenue does loom as a threat, though, to this reclassification and to the continuation of the Williamson Act's programs. The reason is that the state is facing billion-dollar annual deficits that lawmakers may never figure out how to solve.

And that's one reason why Murphy's next goal is to pass a state law clarifying that horses fall within the Williamson Act's definition of agricultural products. The Williamson Act doesn't currently mention horses at all, and since county staffs administer the law, its interpretation can vary.

Properties enrolled in the Williamson Act receive a significant reduction on their annual real-estate tax, and the state reimburses the counties for the tax revenue they lose as a result. That reimbursement could get the axe because of the budget deficits, but Murphy said that the odds are long because of the state's muscular agricultural associations and their lobbyists, especially the California Farm Bureau. And a state reclassification of horses as livestock would make the Farm Bureau's leaders much more interested in protecting horse owners' interests than they've ever been.

Open-Space Preservation

It's in Sonoma County's steadfast support of open-space and farmland preservation that the equine reclassification is likely to have the biggest effect on horse owners. It's not an effect we'll be able to take to the bank, but it will certainly have an impact on how much we enjoy our horses here, and it could mean an increase in our property's value when it's time to sell.

Murphy notes that the Sonoma County Agricultural Preservation and Open Space District receives \$15 million a year in tax revenue, money that could be used to build a county equestrian park (one of the Sonoma County Horse Council's major goals). When horses weren't classified as livestock, that money wasn't available. But it will be now since open-space district officials have to follow the General Plan's policies.

"We have to be sure to be included in all discussions of open-space planning, and this decision assures that we can be," said Murphy.

Since horses are now part of agriculture, the county's growing horse population could slow down the conversion of dairies or beef-cattle farms to houses and malls. Getting the agricultural tax advantage makes those properties more affordable to horse owners, whether they're buying it for a private farm or for a commercial stable.

And that would be in concert with the vision the Williamson Act's creators had more than 40 years ago. They wanted to be sure that California would always be the nation's No. 1 producer of grains, vegetables, fruits and animal products. To do that, they wanted to preserve the countryside they knew, a countryside full of pastures with cows and other farm animals, including horses.

Sidebar 1

What Is The Williamson Act?

The California Land Conservation Act of 1965, best known as the Williamson Act, allows counties to establish "agricultural preserves" and give the landowners tax reductions by signing a contract that restricts their use of the land to commercial agricultural operations.

The county assessor appraises the property's value for agricultural productivity, not for market value. In Sonoma County, that means a tax reduction of at least 25 percent.

Agricultural preserves are usually created at the request of the landowner, and the county's approval means that the landowner cannot use that land in ways that are

“incompatible with agricultural use.” What that basically means is that the landowner cannot subdivide the property to build houses or a mall on it once the property is enrolled.

The landowner signs a 10-year contract with the county, a contract that’s automatically renewed each year (meaning 10 years always remain on the contract), as long as the property’s use continues to fit the agricultural definition. Landowners can remove their property from the Williamson Act after a 10-year phase-out period, during which they have to repay the county the tax credit they saved during the contract.

The Williamson Act basically puts farms into a conservation easement, although conservation easements protect a land “in perpetuity.” Just as with a conservation easement, landowners retain the right to sell their property in total, as the contract moves to the next owner with the title.

To qualify as an agricultural preserve, the property must either produce a crop (grapes, fruit or any crop capable of grossing at least \$200 per acre annually) or provide grazing land for which the animals that graze there produce a gross income of \$2,000 per year. A property can also qualify if it has certifiable open-space value, such as wildlife habitat, a scenic highway corridor or a managed wetlands area.

The property must be a minimum of 100 acres, although contiguous properties may be combined to achieve 100 acres, provided no single property is less than 10 acres.

Sidebar 2

Benefits Of Agricultural Classification

The main benefit Sonoma County horse owners will feel from the reclassification of horses as livestock is that farm owners can apply for federal and state grants for a wide range of property improvements. These include fencing, building bridges over or putting culverts in streams to protect them, even building run-in sheds or maintaining barns.

Similarly, recognition as livestock means that horses can be part of the agricultural development promoted by the California Farm Bureau and its county chapters.

The reclassification also means that horse owners can apply for disaster relief. This could be a great help for horse owners following floods, fire or earthquake.

It should also bring tax advantages to horse farm owners, although the administrative steps to accomplish this are just beginning.

Of less tangible economic effect are that it guarantees that horse owners can be included in programs to develop parks and similar open-space projects.