

262.900 Definitions for KRS 262.900 to 262.920.

- (1) As used in KRS 262.900 to 262.920, unless the context clearly indicates otherwise:
 - (a) "Agricultural conservation easement" or "easement" means an interest in land, less than fee simple, which represents the right to restrict or prevent the development or improvement of the land for purposes other than agricultural production. The easement may be granted by the owner of the fee simple to the Commonwealth or to a qualified organization described in Section 170(c) of the Internal Revenue Code. It may be granted in perpetuity, as the equivalent of the covenants running with the land.
 - (b) "Agricultural district" means a land use category created by voluntary agreement between the Commonwealth and one (1) or more landowners under Kentucky's agricultural district law, KRS 262.850, where the primary use of land is and will remain to be agriculture.
 - (c) "Agricultural production" means the production for commercial purposes of crops, livestock and livestock products, and nursery and greenhouse products, including the processing or retail marketing of these crops, livestock and livestock products, and nursery and greenhouse products, if more than fifty percent (50%) of those processed or merchandised products are produced by the farm operator, and the raising and stabling of horses for commercial purposes.
 - (d) "Applicant" means a person or qualified organization described in Section 170(c) of the Internal Revenue Code offering to sell to the PACE Corporation under the PACE Program an easement on a tract of land which is in or available for agricultural use.
 - (e) "ASCS" means the Agricultural Stabilization and Conservation Service of the United States Department of Agriculture.
 - (f) "Bargain sale" means the sale of an easement by a landowner at a price below appraised market value, when a portion of the value of the easement is donated by the landowner in a properly executed document as a charitable contribution to a qualified organization described in Section 170(c) of the Internal Revenue Code.
 - (g) "Capability class" means a group of soils that have similar characteristics when used for field crop production.
 - (h) "Comparable sales" means market sales of similar land. In locating comparable sales, first priority shall be given to parcels located in the same general vicinity. The second priority shall be given to farms located in other areas.
 - (i) "Conservation plan" means a plan describing best land management practices, including an installation schedule and maintenance program, which, when completely implemented, will improve and maintain soil, water, and related plant and animal resources of the land.
 - (j) "Contract of sale" means a legally enforceable agreement in a form provided by the PACE Board obligating the owner of a farmland tract to sell and the

Commonwealth to purchase an easement or other less-than-fee interest on the farmland tract.

- (k) "Commonwealth funds" means money appropriated to the PACE Corporation for the purchase of agricultural conservation easements.
- (l) "Development" means the carrying out of any material change in the use or appearance of land, or dividing into two (2) or more parcels.
- (m) "Easement value" means the value per acre as determined by a numerical point system or, if an appraisal is used, the difference between the unrestricted value of a farm and its value as restricted by an easement. If only one (1) appraisal is used, unrestricted value is equal to market value and restricted value is equal to the value of the farm, subject to an agricultural conservation easement. If the landowner obtains an independent appraisal, easement value shall be calculated according to the average between the landowner's appraisal and the numerical point system, or if the Commonwealth also obtains an appraisal, the average between the landowner's appraisal and the Commonwealth's appraisal.
- (n) "Eligible land" means a farmland tract in which the Commonwealth may acquire an agricultural conservation easement or other property interest as provided by this section.
- (o) "Farm" means land in the Commonwealth which is being used for or is available for agricultural production as defined in this section.
- (p) "Farmland tract" means land constituting all or part of a farm that is proposed for the purchase of an agricultural conservation easement.
- (q) "Farmland value" means the price as of the valuation date for property used for normal farming operations, subject to the terms of an agricultural conservation easement, which a willing and informed seller who is not obligated to sell would accept for the property, and which a willing and informed buyer who is not obligated to buy would pay for the property.
- (r) "Fund" means the agricultural enhancement fund created by KRS 262.920.
- (s) "Grantor" means the person or entity holding title to the farmland tract on which an easement is conveyed.
- (t) "Grazing or pasture land" means land used for horse paddocks or the growing of grasses and legumes which are consumed by livestock in the field, and at least ninety percent (90%) of which is clear of trees, shrubs, vines, or other woody growth not consumed by livestock.
- (u) "Harvested cropland" means land used for the commercial production of field crops, fruit crops, vegetables, and horticultural specialties, such as flowers, nursery stock, and ornamentals.
- (v) "Horse paddock" means an enclosed area used for pasturing and exercising horses.
- (w) "Landowner" means a person holding title to land.
- (x) "Market value" means the price as of the valuation date for the highest and

best use of the property which a willing and informed seller who is not obligated to sell would accept for the property, and which a willing and informed buyer who is not obligated to buy would pay for the property.

- (y) "Nonprofit land conservation organization" means nonprofit organization dedicated to land conservation purposes recognized by the Internal Revenue Service as a tax-exempt organization under Section 170(c) of the Internal Revenue Code.
- (z) "PACE Corporation" means the Purchase of Agricultural Conservation Easement Corporation created by KRS 262.906(1).
- (aa) "PACE board" means the board of directors of the Purchase of Agricultural Conservation Easement Corporation created by KRS 262.906(2).
- (ab) "Qualified organization" means a tax-exempt organization described in Section 170(c) of the Internal Revenue Code.
- (ac) "Reserved life estate" means property deeded to a nonprofit organization during an owner's lifetime with the owner retaining full use of and responsibility for the property until the death of the last survivor of those retaining life estates, whereupon, the responsibility of the property falls to the nonprofit organization. The property owner is entitled to an income tax deduction based on an appraised value and Internal Revenue Service actuarial tables, and the taxable estate may also be reduced.
- (ad) "Restricted land" means land and buildings, the use of which is subject to the terms of an agricultural conservation easement.
- (ae) "Restricted value" means the price as of the valuation date for property subject to an agricultural conservation easement which a willing and informed seller who is not obligated to sell would accept for the property, and which a willing and informed buyer who is not obligated to buy would pay for the property.
- (af) "Soils report" means a report which sets forth the amount and description of each soil type and class found on a specific farm.
- (ag) "Title report" means a report prepared by a person authorized by the state to engage in the sale of title insurance or an attorney setting forth the existence of any liens, restrictions, or other encumbrances on a farmland tract.
- (ah) "Unrestricted value" means the current market value of a property.
- (ai) "USDA" means the United States Department of Agriculture.
- (aj) "USDA-SCS" means the Soil Conservation Service of the United States Department of Agriculture.
- (ak) "Viable agriculture land" means land suitable for agricultural production and which will continue to be economically feasible for use if real estate taxes, farm use restrictions, and interference with and constraints on normal farming operations are limited to levels approximating those in commercial agricultural areas not influenced by the proximity of urban and related nonagricultural development.

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