

Securing a Future for Tennessee Farms

A “Farmland Preservation Fund” Policy Brief



AFT/BROOKS LAMB

Farming is essential to Tennessee’s economy, environment, and culture. The word “agriculture” is proudly displayed on the state’s seal. Yet Tennessee’s farms face threats from rampant real estate development. To secure a vibrant future for Tennessee agriculture, policy actions are needed. A **Farmland Preservation Fund**, proposed in [SB 0207](#), would help safeguard Tennessee farmland while enhancing economic viability for farmers and helping the next generation access affordable land.

What’s the issue?

Tennessee has converted a tremendous amount of agricultural land to non-farm uses, such as subdivisions, strip malls, warehouses, and low-density housing. The University of Tennessee’s Center for Farm Management has analyzed the amount of farmland lost across the state, estimating in a [recent report to Governor Lee](#) that Tennessee converted 1.1 million acres of agricultural land to other uses between 1997-2017. From 2017-2023, another 430,000 acres were taken out of agriculture. Over those years, that’s a rate of 9.8 acres lost per hour.

According to the most recent Census of Agriculture, an average-sized farm in Tennessee covers 170 acres. Between 2017-2023, we converted the equivalent of one average sized Tennessee farm every 17 hours.

The UT Center for Farm Management has also analyzed parcel-by-parcel farmland conversion for more than 80 counties across the state—all the counties for which they could access data. [They have published the results online](#), offering one-page documents describing each county’s farmland loss over the last decade.

Yet farmland loss is not confined to Tennessee’s past. American Farmland Trust projects that Tennessee is on pace to [convert more than one million acres of farmland between 2016-2040](#). A more aggressive yet highly possible model escalates that conversion to 1.4 million acres, about ten percent of Tennessee’s

Tennessee ranks third in the nation for projected farmland conversion between 2016-2040.

remaining farmland. With the population growth occurring in once-rural communities, especially those outside the state’s major cities, this more aggressive conversion scenario is highly possible.

What’s at stake?

Agriculture is critical to Tennessee’s economy. [The University of Tennessee estimates](#) that agriculture contributes roughly \$100 billion a year to the state’s economy and is responsible for more than 380,000 jobs. [County-level economic impact analyses](#) further show the importance of farming from Memphis to Mountain City.

Land is the foundation of agriculture. When we convert it at unsustainable rates, we risk undermining our entire agricultural economy.

Fiscal analysis shows that maintaining farmland is also essential to securing healthy county budgets. [Cost of Community Services](#) studies analyze the funds required to provide essential services—like schools, roads, sewage, police and fire protection, and more—to different land use classifications, such as residential, commercial/industrial, and open space/agricultural. These studies, including ones conducted in Tennessee, consistently show that for every dollar generated from property taxes on agricultural land, a

much smaller amount of money is required to provide services to these areas. On the other hand, sprawling residential land use, which is the biggest threat to farmland in Tennessee, requires expenses that exceed the revenue it generates. Maintaining farmland, then, is a sound fiscal strategy.

Farmland also provides important environmental benefits. While Tennessee is blessed with impressive state parks, wildlife management areas, and state and national forests, some of our most important habitat is [on private, working lands](#). Maintaining corridors of these open landscapes is essential to sustaining healthy wildlife populations that make Tennessee’s ecosystems internationally known. Open, well-managed farmland can also help minimize flood risks by soaking up excess water, offer natural water filtration, and provide scenic value to visitors and residents. Yet we sacrifice these benefits when we erase agricultural acreage, especially at our current alarming pace.

Farming and farmland are also essential to Tennessee’s culture. While Tennessee’s growth is something to be celebrated, we cannot continue to destroy the features that make our state so attractive and productive. We have long been a state of farms and farmers. If we want to continue sustaining ourselves, rather than relying on importing our food, fiber, and fuel from other places, we need to prioritize the protection of agricultural land.

Evidence from states with active farmland protection programs shows that investing in farmland protection can stimulate rural economies.

Current Farmland Protection Efforts in Tennessee

Several nonprofit organizations, known as land trusts, are already hard at work protecting farmland in Tennessee on local, regional, and statewide levels. Using a legal tool called a “conservation easement,” these organizations work

with farmers to protect their land from future real estate development.

Conservation easements are entirely voluntary. Through these tools, landowners choose to permanently limit development rights on their land, ensuring that we have farmland to produce food, fuel, and fiber far into the future. They maintain full ownership and management of their land and can continue to farm; they can build agricultural structures if needed; they can also harvest timber subject to a management plan. Conservation easements have been used for decades in Tennessee and across the nation, and they have received broad bipartisan backing.

Tennessee’s land trusts have been successful in protecting farmland—but they acknowledge that there are limited options for landowners interested in protecting their property.

Right now, if a farmer wants to protect their land, they can choose to “donate” a conservation easement. In exchange for that donation—the value of which is determined by certified appraisers—they can receive a federal tax deduction. For landowners with substantial incomes, this can be a real financial benefit. But for those without major annual incomes, which includes most Tennessee farm families, the income tax deduction carries less financial significance.

While some federal programs can compensate farmers for protecting their land, these funds are limited in Tennessee. Farmers who want to protect their land need another option.

How would the Farmland Preservation Fund help farmers and rural communities?

To compensate Tennessee farmers for protecting their land and to guard against rapid farmland conversion, the state legislature could pass the proposed **Farmland Preservation Fund (SB 0207)**. Creating this state-funded program would give Tennessee farmers a more viable financial incentive to protect their land from development. As currently written—with the program administered by the TN Department of





Agriculture and enacted in partnership with land trust organizations—it would leverage decades of conservation experience to better serve rural communities and limit program management and implementation costs for the TN Department of Agriculture.

This program would be an effective farmland protection strategy and help our growing state conserve one of its most essential resources, especially if coupled with efforts that support local land use planning and next-generation land access. Yet if meaningfully funded, it would do so much more than preserve land. It would also generate substantial economic impacts for Tennessee’s rural and agricultural communities.

[An in-depth study of Pennsylvania’s farmland protection program](#), which was founded in 1988 and still operates today, reveals that an estimated \$2 of economic activity has occurred for every \$1 spent on the program. That multiplier effect is substantial, and it has been observed in other states, too. It is partly a result of farmers taking the funds they receive from protecting their land and then investing that money in their farms and community.

Consider a farmer who participates in the program and receives a lump sum of cash for protecting their land. Maybe they’ve been using a 40-year-old tractor and can finally afford to upgrade to a newer one, which they’ll buy from the local equipment dealer. Perhaps they’ve been wanting to build a new barn, improve their perimeter fencing, or replace an aging grain bin. Funds they receive from protecting their land could help them do that. Or maybe 40 acres next door is going up for sale. With the funds they receive from the Farmland Preservation Fund, that farmer may be able to afford that land and expand their farm, rather than watching that acreage convert to yet another subdivision.

Retirement savings. Inheritance for children. A “rainy day” fund. All of these could also be options for how a farm family uses the proceeds from protecting their land. This money

can make a big difference for the health of rural families and economies.

In addition to improving economic viability for farmers who participate, the Farmland Preservation Fund could help advance land access for next generation farmers. Right now, many young farmers are outbid on the land market. They can’t compete with developers or more established farmers for agricultural acreage. The Farmland Preservation Fund could help them better afford farmland through two primary routes. For one, a beginning farmer could pursue purchasing land with the intent to protect it through the program soon after closing the transaction. They would receive a payment for the development rights and immediately be able to pay down their mortgage or cover other startup costs.

Another option would be to purchase land that is already protected. Farmland that has been conserved by an easement typically sells for less than land that isn’t protected because it can only be used for agricultural purposes. In other words, a young farmer looking to purchase protected land isn’t competing with developers who want to build houses or strip malls. That reduces the price of the land. Since the selling farmer has already received payment for their development rights through the program—in other words, they’ve been “made whole”—they aren’t harmed by the lower resale value.

[Between 2017–2022](#), Tennessee saw a decline of nearly 7,000 farms, most of which were less than 500 acres in size. At the same time, young farmers are struggling to get a start in agriculture. The economic difficulties in agriculture are real, especially for young producers and those operating small and midsize farms. Creating a program like the Farmland Preservation Fund that protects land while enhancing economic viability and supporting the next generation could offer much-needed support to Tennessee’s current and aspiring farm families.



Are there precedents for these state farmland protection programs?

Many states have created farmland protection programs. In fact, [31 states](#) across the country have funded programs of this sort, including several of Tennessee's peer states.

According to American Farmland Trust, 31 states have funded farmland protection programs.

North Carolina has protected nearly 40,000 acres of working lands through their [Agricultural Development and Farmland Preservation Trust Fund](#). They've also funded many county-level farmland protection plans, helping local leaders envision brighter futures for farming communities. Ohio's [Office of Farmland Preservation](#) has protected over 100,000 acres through more than 700 projects since 1999. [Pennsylvania's program](#) has protected more than 6,400 farms covering almost 650,000 acres. In 2023, Georgia also created a [Farmland Conservation Fund](#), and leaders there are now moving forward with program implementation. Virginia, Florida, South Carolina, and Kentucky have also directed funds toward programs that protect working land from development.

States that invest in protecting farmland for the future send a signal that agriculture matters. For farmers who want to participate in a program like this—and again, it's only those who want to participate because the program is completely voluntary—the results can be lifechanging. **If enacted, the Farmland Preservation Fund would help interested farmers and families secure their land and legacy.**

Mythbusting

Below, some common myths about farmland protection via conservation easements are dispelled.

Myth: If a farmer places a conservation easement on their land, they give up ownership of the farm.

FACT: The farmer retains full ownership; they are only limiting certain development and subdivision rights.

Myth: Farmers who place a conservation easement on their land can't farm it anymore.

FACT: Farmers can and do continue to farm their land after protecting it via easement. Farmers can also hunt, cut timber, and recreate on the land.

Myth: Farmers can't sell their land if it's protected by a conservation easement.

FACT: Farmers can sell their protected land, and they can pass it on to heirs. The new owners are still bound by the terms of the conservation easement, ensuring the land is protected no matter the owner.

Myth: If a farmer protects their land via easement, their children can never build a home on the farm in the future.

FACT: Landowners can reserve some rights, such as future home sites and the right to build agricultural structures, in their conservation easements.

Myth: Conservation easements require public access.

FACT: Conservation easements do not require public access.

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