



# Of Land and Legacy

Eleanor Trucchio is a fourth-generation Central Coast rancher. Unfortunately, the fifth generation may collide head-on with skyrocketing land values and the vagaries of U.S. tax law. By Matthew Heller

PHOTOGRAPHS BY LARRY LETTERS

OFF IN THE DISTANCE, ON A BARE, STRAW-COLORED HILLSIDE FRINGED WITH coastal oak, Eleanor Trucchio spots a dark speck. It's at least half a mile away; to the untrained eye it looks like nothing more spectacular than a rock. But Trucchio stops the pickup she has been driving around her family's 4,100-acre cattle ranch north of San Luis Obispo and grabs her binoculars.

"There's a cow by herself," she announces. "There's something wrong with her, or she has a calf." She pans away from the cow until she focuses on a brownish form almost camouflaged by the grass—the cow's newborn calf, probably less than a day old.

How could she even suspect there might be a cow there?

"Oh," she replies with a shrug, "you get to know these things better than the back of your hand."

In her hawk-eyed stewardship of the ranch she calls Lone Valley, Trucchio is maintaining a family tradition that goes back four generations. At 70, she is a bronzed, sinewy dynamo—branding cattle, rounding up strays, fixing fences, heaving hay, still getting satisfaction from all the tough, physical things a rancher needs to do. "When an animal is in the corral, I've won," says the former San Luis Obispo County Cattlewoman of the Year, wearing jeans and a checkered shirt with a Cowgirl Co. logo. "I can come home and say, 'There's a lot of people who couldn't do that.'"

Trucchio eventually would like to pass along her domain of rolling chaparral hills, cottonwood copses and 250 head of cattle to her daughter, Pat Abel, and thus avoid having it developed into 10-acre ranchettes or sold to a corporate ranching enterprise. That's how the American dream is supposed to work, isn't it? The beloved land stays in the family, and the child profits from the parents' labor? The family ranch, that symbol of the pioneer spirit in the West, would live on.

If only it were that simple.



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The Truocchios, like many other families ranching cattle on California's Central Coast, face a vexing dilemma. With profit margins of less than 1%, ranching is a cash-poor business. Yet in terms of assets, notably real estate, ranchers are among California's rich.

Truocchio and her husband, who formerly owned an auto-repair business, live in a modest bungalow near Santa Maria, and she tours her land in a Ford pickup without air conditioning. But in San Luis Obispo County, land values have become so inflated that Truocchio estimates Lone Valley is worth around \$16 million, or \$3,900 an acre—60 times what her father paid for it in the 1950s. If her daughter wants to keep the ranch, she may have to pay an estate tax bill of as much as \$6 million, even after exemptions and credits. If Truocchio puts the ranch in a trust, either the estate or gift tax would still apply.

Your average mansion-dwelling family in Bel-Air may have enough cash to handle the estate tax. But Truocchio's daughter is a single mother of two who is employed as a geologist by the state Department of Conservation. Lone Valley, in short, could be just too valuable for her daughter to inherit. "You have this for future generations," Truocchio says. "You want to stay on the land."

Telling the story of her family's land with faded copies of deeds and black-and-white photographs, Truocchio says it was her great-grandfather, a German immigrant who farmed sheep in the Sierra, who got them into cattle ranching. In the late 19th century, he acquired part of the Rancho Nipomo land grant just across the Cuyama River from Santa Maria. Truocchio's parents, Vernon and Rebecca Wineman, both ranched that land, and their three children helped out from an early age. "I was riding horseback at 3," Truocchio recalls. "I was scared. The ditches looked awful big."

Land was still so cheap in the 1950s that the Winemans paid only \$265,000, or \$65 an acre, for the additional San Luis Obispo property. After Vernon's death in 1962, the family sold an alfalfa farm in Madera County to pay the estate tax. By the time Rebecca died in 1992, she and her children had bought a third cattle ranch adjacent to Lone Valley, bringing their total holdings to 8,500 acres. And land values had risen sufficiently to make the estate tax a real headache.

It has taken 12 years to probate Rebecca Wineman's will, in part because

of a dispute with the IRS over the value of some of her assets. In 2000, the U.S. Tax Court valued them at \$2.4 million, but said the estate was entitled to a "special use" exemption that reduced the taxable value by \$750,000. The Winemans' children now plan to dissolve the family's Coastal Ranches holding company and divide the three ranches between themselves, with Lone Valley going to Truocchio, who could be running the ranch for some time to come. "Retire? What's that?" she asks. Then it would be up to her daughter, who has helped out on the ranch since she was a child. "When you're raised on it, it's something you enjoy," Abel says. "You feel like it's a good day's work." But how much protection will—or should—she get from the taxman?

Congress enacted legislation in 2001 that will gradually increase the amount of property exempted from the tax to \$3.5 million by 2009 and reduce the maximum tax rate from 55% to 45%. But most of the value of Truocchio's ranch would still be taxable. And without future congressional action, the law will expire in 2010, and in 2011 the tax structure would revert to its pre-reform levels. The ranching industry is lobbying for complete repeal of the estate tax.

"It would be a tremendous relief," says Truocchio. "Every rancher ought to be fighting for it."

Critics of the repeal decry it as another big tax break for the wealthy—projected \$61 billion in 2014 alone—that our deficit-plagued economy simply cannot afford.

The dilemma reflects conflicting priorities. If agricultural land is valuable then surely society as a whole should see some benefit from that, even if it comes from a "death tax." But at the same time, we don't want that symbolic family ranch to disappear from the landscape.

Truocchio says she is "more optimistic than quite a few" of her colleagues that family ranching will survive. Maybe it's the pioneer spirit she's talking. That, after all, is what makes her such a vigilant and skilled steward of her land, and what makes her see the issue not in terms of dollars but something perhaps more valuable. "I think this place is beautiful," she says as she completes another inspection of her ranch, closing its main gate behind her. "Whether it makes a lot of money or makes no money, it's really beautiful."

*Matthew Heller's last story for the magazine was about anti-polygamy activist Flora Jessop.*