

Tax Incentive Fact Sheet

Tax Break for Voluntary Conservation Easements

Federal law includes tax benefits for protecting your land by donating a voluntary conservation easement. If you own land with important natural wildlife habitat, or working land, donating a voluntary conservation easement can be one of the smartest ways to conserve the land you love and protect America's natural heritage, while maintaining your private property rights and possibly realizing significant federal tax benefits.

The legislation allows the following:

- A conservation easement donor can deduct up to 50% of their adjusted gross income in any year;
- Qualifying farmers and ranchers can deduct up to 100% of their adjusted gross income; and
- Donors can carry over deductions for their contribution for as many as 15 years.

What do you need to know to enter into a voluntary conservation easement? Here are some facts:

- A voluntary conservation easement is a legal agreement between a landowner and a nonprofit land trust (or government agency) that permanently limits uses of the land in order to protect important conservation values. It allows you to continue to own and use your land and to sell it or pass it on to heirs.
- When you enter into a voluntary conservation easement with a land trust, you decide what can and cannot be done with the land now and in the future. For example, you might restrict anyone from subdividing or building additional houses on your land, while retaining the full right to grow crops. Future owners also will be bound by the easement's terms. The land trust is responsible for making sure the terms of the easement are followed.
- Voluntary conservation easements vary widely. Some easements will protect rare wildlife habitat and prohibit any development. Other conservation easements might allow continued farming and the construction of additional agricultural structures. Conservation easements may apply only to a portion of a property. Public access is another variable; with some easements allowing for public access (often when government funding is involved) and some easements that keep the land completely private.
- A conservation easement donation requires both a willing donor and a qualified conservation organization to accept the donation. That organization needs to be able to show that the donation closely fits its particular charitable mission. A land trust will not accept a donation that does not fit its mission and purposes.
- A voluntary conservation easement can help a landowner pass land on intact to the next generation. By limiting the land's development potential, the easement lowers its market

value, which in turn lowers estate tax. Whether the easement is donated during life or by will, it can make a critical difference in the heirs' ability to keep the land intact.

- If a conservation easement benefits the public by permanently protecting important conservation resources and meets other federal tax code requirements, it can qualify as a tax-deductible charitable donation. The amount of the donation is the difference between the land's value with the easement and its value without the easement.
- The value of the easement and donation must be calculated by a qualified professional appraiser.
- To qualify as a charitable donation, a conservation easement must be permanent. A landowner should get professional financial planning and legal advice before making a major donation.

Learn More:

To learn more about protecting your land with a voluntary conservation easement, contact:



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Please Note:

The information contained in this Fact Sheet is provided by the Land Trust Alliance. This Fact Sheet does not constitute legal or tax advice. Please consult your tax preparer as to how these new tax rules may apply to your specific circumstances.

Mississippi Valley Conservancy
The land. Our future.