



Tax Incentives Help You Conserve Your Land

If you own land with important natural or historic resources, donating a voluntary conservation easement can be one of the smartest ways to conserve the land you love, while maintaining your private property rights and possibly realizing significant federal tax benefits.

These incentives approved in 2015 make it easier for average Americans, including working family farmers, to donate a conservation easement on their land. The incentive:

- Allows you to deduct up to **50%** of your adjusted gross income (AGI) for donating a voluntary conservation easement.
- Allows qualifying farmers to deduct up to **100%** of their income.
- Allows you to carry forward the deduction for up to an additional **15 years**.

These incentives apply to donations made at any time in 2015 and to all donations made after that. These incentives **DO NOT** apply to donations of land, only conservation easements.

The tax incentives for gifts of land are as follows:

- Allows you to deduct up to **30%** of your adjusted gross income (AGI).
- Allows you to carry forward the deduction for up to an additional **5 years**.

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

- A voluntary conservation easement is a legal agreement between a landowner and a nonprofit land trust, like SELT, 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 give up some of the rights associated with the land. For example, you might give up the right to subdivide your land or build additional houses, while retaining the full right to grow crops or conduct forestry. Future owners also will be bound by the easement's terms. The land trust is responsible for making sure the terms of the conservation easement are followed.
- A voluntary conservation easement can help a landowner pass land on intact to the next generation. By limiting the land's development potential, the conservation easement lowers the land's market value, which in turn lowers estate taxes and can lower property taxes if the land is not already enrolled in NH's Current Use Program. 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.

- Voluntary conservation easements are flexible and are tailored to the property and the landowner and land trust's goals. For example, a conservation easement to protect rare wildlife habitat might prohibit any development or restrict land management practices, while a conservation easement to protect the scenic and historic values of a farm might allow continued farming and the building of additional agricultural structures. A conservation easement may apply to just a portion of the property, and does not need to require public access.
- A conservation easement donation requires not only a willing donor, but 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 and meets IRS and federal tax code requirements. A land trust will not accept a donation that does not fit its mission and purposes.
- 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 appraised value without the conservation easement and the land's appraised value with the conservation easement.
- To qualify as a charitable donation, a conservation easement must be permanent and meet other specific requirements. A landowner should get professional financial planning and legal advice before making such a major donation.
- For farmers interested in the 100% income deduction option, the IRS defines a qualified farmer as someone who receives more than 50% of his or her gross income from the "trade or business of farming." IRS Code 2032A(e)(5) defines activities that count as farming. For a conservation easement to qualify under the special treatment for farmer deductions, the easement must require that the land remain "available for agriculture."

To learn more about permanently conserving your land call SELT at 603 778-6088 and ask to speak with a land conservation staff member.

This fact sheet was produced by SELT, a non-profit land conservation organization based out of Exeter. Our mission is to protect and sustain significant lands in our communities for clean water, outdoor recreation, fresh food, wildlife, and healthy forests. Formed in 1980, we've conserved tens of thousands of acres in greater Rockingham and Strafford Counties. We can be reached at 6 Center Street or PO Box 675, Exeter, NH 03833, or our website www.seltnh.org, or by phone at 603/ 778-6088