

La Plata Open Space Conservancy
presents:

Conservation Easements

Helping Build
Sustainable Communities

*Land is not just another
pretty space...*



*Open land provides real, and
quantifiable benefits...*

QuickTime™ and a
TIFF (Uncompressed) decompressor
are needed to see this picture.

Including...

- *Food & Fiber*
- *Aquifer Recharge*
- *Flood Control*
- *Climate Control*
- *Wildlife Habitat*
- *Species Diversity*
- *Clean Air & Water*
- *Scientific Opportunity*
- *Recreational Opportunity*
- *Increase in Property Value*

and much, much more

*We're going to have to find something that will grow
in asphalt if we're going to continue
to cover the world with it.*



Private landowners hold the keys to the future of our communities...

- *Eighty percent of private lands in Colorado are owned and managed by agricultural operators.*
- *More than half of these operators are nearing retirement age.*
- *These and other economic and environmental factors increase the likelihood that agricultural land will change hands, and use.*



There are many ways to protect land, including sale to a government entity or conservation organization, bargain sale, land donation, and conservation easement.



Land trusts have protected more than 2 million acres, or approximately 5% of all the private land in Colorado. More than 60% of this land has been protected by conservation easement and remains in private ownership.



Why give a conservation easement? Landowners want to keep land intact, keep land in production, and ease process of transferring of land to next generation.



Giving a perpetual conservation easement...



is the ultimate way for a landowner to exercise his private property rights to determine what will happen to his land in the future.

A conservation easement is a legal, binding agreement...



that protects land with values that are important to the public.

*Easements are used to protect agricultural land,
wildlife habitat, scenic open space,
and historical/archaeological sites.*



*Conservation easements are designed to last forever,
guiding current and future uses of the land.*



*Conservation easements are written to save land
and meet landowners' needs.*



- *Each easement is crafted individually to meet the needs of the landowner and protect the land's unique conservation values.*
- *An easement does not require a landowner to grant public access.*
- *Any landowner may give an easement, provided his land has conservation values that meet federal and state criteria.*
- *An easement may be conveyed to a governmental entity or a qualified conservation organization.*
- *The easement holder is responsible for enforcing the easement.*

Steps for Giving a Conservation Easement

- *Determine whether the land has qualifying conservation values.*
- *Choose a qualified conservation organization to hold the easement.*
- *Obtain competent legal and tax advice.*
- *Work with the land trust to decide which conservation values to protect and to draft the deed of easement.*
- *Document the conservation values and condition of the property, including an assessment of mineral development potential.*
- *Obtain mortgage subordination.*
- *If the easement is tax deductible, obtain a qualified appraisal to document its value.*
- *Sign and record the easement.*



Conservation Easement Costs

Easements are cost effective, but not free. Landowners may incur costs for:

- *Legal/financial advice to ensure proper structuring of easement.*
- *Survey to determine easement boundaries (not always required).*
- *Baseline documentation, including assessment of mineral development potential, to verify conservation values and establish condition of land.*
- *Appraisal to establish easement value for tax purposes.*
- *Stewardship endowment to finance monitoring and enforcement of easement.*



Conservation easements can generate tax benefits...



Not all easements qualify for tax benefits. However, many donors can claim:

Federal Income Tax Deductions

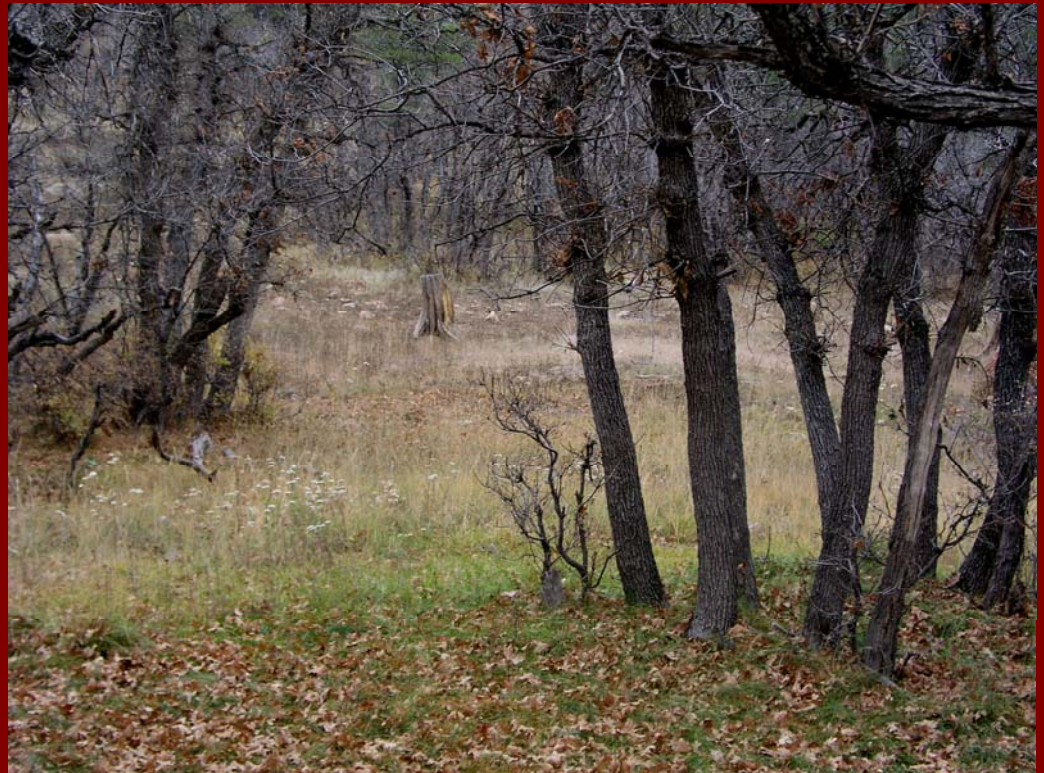
State Income Tax Credits

Federal Estate Tax Deductions and Exclusions

State Property Tax Benefits

Federal Income Tax Deduction...

- *Deduction against Adjusted Gross Income*
- *Equals full value of easement*
- *Can be taken at rate of 50% of AGI per year (100% if more than 1/2 of income is from agriculture)*
- *15-year carry forward*



State Income Tax Credit...



- *Dollar-for-dollar reduction of tax*
- *Equals 50% of value of easement*
- *Maximum credit: \$375,000*
- *20-year carry forward*
- *Refundable, under certain circumstances*
- *Transferable*

Federal Estate Tax Deduction and Exclusion

- *Conservation easement decreases value of estate and decreases tax*
- *40% of value of land under easement (up to \$500,000) can be excluded from tax*
- *Heirs can give post mortem easement to lower estate tax*



State Property Tax Benefit...



- *For land classified as agricultural at time of gift*
- *For parcels 80 acres or larger*
- *Land retains ag classification even if ag use is discontinued*

Land trusts and conservation easements...



Land trusts work in partnership with landowners to protect private land, using conservation easements and other tools. They work with confidentiality, flexibility, and speed, accomplishing land protection where government entities cannot. They effectively complement public open space programs.

Thank you!

