



2006 TAX CODE CHANGES FOR DONATIONS OF CONSERVATION EASEMENTS

FREQUENTLY ASKED QUESTIONS

Why do landowners and the public need to know about this new conservation tax incentive?

Many landowners can take advantage of this new tax incentive. It helps family farmers, ranchers, and other moderate-income landowners obtain a significant tax benefit for making the charitable donation of a conservation easement.

The new incentive will also help Americans who want to pass their working family farms and ranches on to their children and grandchildren.

The incentive is a strong message that both Congress and the Administration value private, voluntary land conservation and its place in preserving our natural heritage.

What does it mean to “donate a conservation easement” or “place your land into an easement”?

When you donate a conservation easement, you voluntarily agree to permanently limit uses on your land in order to protect and preserve the land as is for future generations.

A voluntary conservation agreement, or conservation easement, is a legal agreement between a landowner and a nonprofit land trust or government agency.

It allows you to continue to own and use your land and to sell it or pass it on to heirs. However, it ensures that its natural value and heritage will be preserved.

In exchange for donating a conservation easement, qualified landowners may receive a tax benefit in the form of a deduction.





Who qualifies for these types of tax incentives? Is this just something for rich people with a lot of beautiful property, or is this something that working farmers and ranchers can take advantage of?

It's important to remember that this new tax incentive helps family farmers, ranchers and other moderate income landowners. The significant increase in the tax incentive structure will allow more working family farmers and

ranchers receive an economic incentive for preserving and protecting the land we love.

Voluntary conservation agreements range from just a few acres to thousands of acres. If you own land that has any natural or historic value, you may be able to take advantage of these significant new economic benefits.

Why is it so important that the tax incentive was increased? It seems like people will conserve their land if they want to, and they won't conserve it if they don't want to.

All of us want to preserve the land we love and protect America's natural heritage. This new tax incentive makes conservation easements more attractive and accessible to family farmers, ranchers and other moderate income landowners.

Private conservation donations have resulted in millions of acres being protected for farming, ranching, forestry, hunting and fishing.

Conservation easements are a great way to respect private property rights while providing the public benefit of protecting America's open spaces.



The increased incentive demonstrates that Americans value private, voluntary land conservation and want to see it continued.

If I want to place my land into an easement and access these tax incentives, how do I go about it? Who do I call? How quickly can something like this happen?

You should assess your situation first. Start out by talking to your accountant, tax planner or local land trust.

Donating a voluntary conservation easement is a straightforward process. There are local land trusts in all parts of the country that you can work with to draft an agreement. The timetable is up to you.



Is this new tax incentive permanent, or do I need to act fast to preserve my land and take advantage of the new tax provision?

Currently, the new tax incentive will expire in December of 2007. We hope it will be made permanent.

The broad coalition of organizations that worked to institute the tax incentive increase are currently working to make them permanent.

We strongly believe a voluntary conservation agreement is a sound choice to help protect America's natural heritage and allow farmers and ranchers to continue working their land. But this is a serious decision that shouldn't be rushed. You should contact a local land trust if you are interested in pursuing this option.

What are the financial benefits for farmers and ranchers?

The new tax incentive provides significant economic benefits to help farmers and ranchers preserve their land.

The new rules:

- Raise the maximum deduction a donor can take from 30% of adjusted gross income (AGI) in any year to 50% (For example, a donor whose adjusted gross income is \$100,000 is now eligible for a \$50,000 deduction instead of \$30,000);
- Allow you to deduct up to 100% of your income; and
- Extend the carryforward period from 5 years to 15 years, allowing you to take advantage of the tax deductions for an extra decade!



For more information, visit www.lta.org.

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