

Tax Incentives for Conservation Easement Donation ***A Guide for Landowners***

If you are considering a conservation easement donation, now may be the time to act.

In 2006 Congress created new tax incentives to promote donations of conservation easements by private landowners, helping willing landowners across New Hampshire and America to conserve record numbers of acres of natural and agricultural land in 2006 and 2007. However, the law was effective only until December 31, 2007. **In May 2008, Congress extended the new incentives for an additional two years.** Landowners who donate a qualified conservation easement in 2008 or 2009 may:

- Increase their charitable deduction from 30 percent to 50 percent of their adjusted gross income (AGI) in the year of their gift; (Qualified farmers may deduct up to 100 percent of AGI); and
- Carry over any unused deduction for up to 15 years instead of only 5 years.

For example:

Under the previous rules, a landowner with an AGI of \$50,000 who donated a \$400,000 conservation easement could take a \$15,000 deduction in the year of the donation and \$15,000 per year for the next five years. His total deduction would be \$90,000. The remaining \$310,000 would in effect be lost.

Under the new rules, the same landowner would be able to deduct \$25,000 in the year of the donation and then \$25,000 per year for an additional 15 years (assuming his income remains the same). In this case, the deduction would total \$400,000, the entire value of the conservation easement.

Easements offer permanent protection from development, and can be written to conform to the specific desires of the landowner. For example, an easement on a forested piece of land might prohibit future construction or subdivision, while retaining the owner's rights to hunting, timber harvesting, and recreation. The conservation easement is generally donated to a land trust or other non-profit agency, which will ensure that the conditions of the easement are met in the future. By retaining title to the property, the landowner maintains the right to sell the property or pass it on to heirs. The conservation easement continues to apply to all future owners of the property.

If you are considering donating a conservation easement and need more information, please start by referring to the resource page on the Campton Conservation Commission's website (www.camptonnh.org/conservation_resources.html), browsing our library of materials located at the Campton Public Library, or contacting any CCC member.