

Frequently Asked Questions: What are the potential tax benefits?



What are the potential tax benefits with private landowner conservation projects?

The motivation behind most donations of land to a land trust is a landowner's love for the land and wish to see the land preserved for future generations. However, the tax benefits of conserving land can be substantial and add value for those deciding to participate in a land protection program. Leaving a priceless legacy can benefit both the land and the landowner. Glacial Lakes Conservancy offers the following general information but is not qualified to offer tax advice, so please contact a qualified legal or tax counselor to see how you may benefit from any current incentives.

What are tax benefits for donations of conservation easements?

Congress passed a bill in 2010, allowing landowners who donate conservation easements or other "qualifying" interests in property to a land trust or government agency to deduct the fair market value of their donation up to 50% of their adjusted gross income in the year they make the gift. Any remaining value can be carried forward as deductions for up to 15 years, applying the previously unused deduction up to 50% of one's adjusted gross income each year until the total deduction amount has been used.

Note: These improved benefits are set to expire on December 31, 2011 but Congress may act to extend the incentive or make it permanent in the future.

What are the special benefits for farmers?

From 2006 to 2011, these tax incentives allowed a farmer to deduct the value of a donated conservation easement up to 100% of the farmer's adjusted gross income, provided the land remains available for agriculture production. Farmers are defined as those who receive more than 50% of their income from "the trade or business of farming" in the year of donation. This provision of the incentive also allowed any deduction that cannot be used in the year of the donation to be carried forward for up to 15 years.

How will this affect my local property tax?

Property taxes may be reduced when a conservation easement reduces a property's full market value, which is typically the development value.

How might this contribution affect my estate tax?

Contribution of a conservation easement can reduce estate taxes because the conservation easement reduces the value of the property for estate tax purposes.

How can I qualify for these tax benefits?

To qualify for these tax incentives, the donation must be completed within the year that the incentives are available. Check to see what is being offered and any applicable deadlines.