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# Laws Give Break for Land Preservation. But Hurry.

By RACHEL EMMA SILVERMAN

## It can pay to preserve your land.

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Teton Regional Land Trust

Preserved land in the Teton Valley of Idaho

The new tax legislation signed at the beginning of the year renewed generous federal tax breaks for landowners who permanently preserve scenic, environmentally sensitive or historical properties.

The preservation technique, known as a conservation easement, is a binding agreement, typically made between a landowner and a nonprofit group called a land trust, that places development restrictions on the property.

Under the provisions in the new tax law, landowners generally can deduct the value of a donation up to 50% of their adjusted gross income per year. If your income is too low to deduct the full amount of your gift in one year, you can deduct the remaining amount over as much as the next 15 years.

Professional farmers and ranchers or those with forestry operations who earn at least half their income from their land can claim deductions up to 100% of their income.

### *Time Is Short*

The value of the donation for income-tax purposes is the difference between the land's unrestricted value and its new value with limited development or usage rights.

For interested landowners, there is some urgency. The tax breaks will expire at the end of this year unless Congress votes to extend them. (If Congress fails to act, landowners who can't deduct the full amount of donations made this



Teton Regional Land Trust

year will still be able to claim deductions for those donations in subsequent years.)

The new law also extends the tax breaks back for 2012, when they had expired for a year. That means anyone who did a conservation easement last year should be in touch with their tax lawyers, says Russ Shay, director of public

policy at the Washington, D.C.-based Land Trust Alliance, a coalition of hundreds of land trusts across the country.

### *Be Sure*

To set up a conservation easement, contact a land trust near your property. (The website of the Land Trust Alliance, [www.landtrustalliance.org](http://www.landtrustalliance.org), lists local land trusts.)

### **Preserving Land— And Tax Breaks**

Congress has renewed generous tax breaks for landowners who permanently preserve historical, scenic or environmentally sensitive properties. The tax incentives:

- ◆ Raise the maximum deduction you can take for donating a conservation easement to 50% of your adjusted gross income (AGI) from 30%
- ◆ Allow you to deduct up to 100% of your AGI if you qualify as a farmer or rancher
- ◆ Increase the number of years over which you can take deductions to 15 years from five (in addition to the year of donation)

Source: Land Trust Alliance  
The Wall Street Journal

The land has to be appraised and may need to be surveyed, which together can cost a few thousand dollars. There are also legal fees to draw up the easement. Landowners often make cash donations—which are also deductible—to the land trust to help fund the organization's monitoring of the easement over time, Mr. Shay says.

The biggest hurdle, though, may be emotional. Before committing to an easement in perpetuity, a family has to be sure it wants to permanently restrict development—and the riches that may come with selling development rights.

Property owners can sell their land, but buyers are obligated to honor the easement.

There are also tax breaks beyond federal deductions. At least 14 states and municipalities, including Virginia, Colorado and New Mexico, offer a range of income-tax or property-tax breaks for land under easement.

But beware that the Internal Revenue Service has been increasing the number of conservation-easement tax returns it audits, concerned with abuses in which donors have taken inflated deductions or have placed restrictions on land with little conservation value.

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