



Tax Incentives for Land Conservation Donations in Georgia—January 2012

Easement Donors Should Always Consult A Tax Professional To Confirm Their Eligibility And Get Assistance In Claiming Their Benefits

1. Federal Income Tax Benefits for the Donation of Conservation Land (fee title or easements)

- Donors who completed eligible conservation easement donations between 2008 and 2011 are eligible for an income tax deduction of up to 50% of the donor's adjusted gross income (AGI), which can be used over a 16 year period. Tax payers who earn the majority of their income from farming or ranching can deduct up to 100% of AGI. Fee title donations are eligible for a deduction of up to 30% AGI and can be used over 6 years. Pending federal legislation would extend these incentives to cover donations made after 2011. If Congress does not act on these initiatives, incentives will revert to their 2007 levels, which provide a 30% of AGI deduction for qualifying land or easement donations.
- To claim the federal deduction, donors must complete IRS Form 8283 with the value of the donation included (as determined by an appraisal) and the easement donee's signature.

2. State Income Tax Benefits for the Donation of Conservation Land (fee title or easements)

- In 2006, the *The Conservation Tax Credit Act* was passed by the General Assembly. Donations of land or conservation easements meeting state criteria qualify donors for a state income tax credit up to \$250K (individual), \$500K (corporations) or \$1M (partnerships in aggregate);
- The donor has 10 years to use the credit. The law provides for a credit on Georgia state income tax calculated at 25% of the donated value for qualifying lands;
- Applications for the tax credit are made through the Department of Natural Resources and can be found online at <http://www.glcp.ga.gov> under the tax credit tab.

3. Estate Tax Benefits:

- In a large estate, high tax assessments typically occur and are payable to the Federal government within 9 months of death. Donating property or a conservation easement on property will likely reduce the value of an estate, and thereby reduce or even eliminate estate taxes for heirs;
- A conservation easement may help avoid a forced sale of land to pay taxes and keep the property in family ownership and management.

4. Property Tax Benefits:

- The assessed value of a property *may* be reduced by placing a conservation easement on it that restricts its future use. *However*, reducing assessed value is at the discretion of the local tax assessor. Donors should inform their local tax assessor when a conservation easement is put on their land and request a review of the property's assessed value.
- The Conservation Use Valuation Assessment (CUVA) programs offered by County tax assessors provide property tax reductions without requiring a permanent conservation easement. Since the associated restrictions under CUVA are temporary (10 or 15 years), CUVA enrollees may not claim any of the other above incentives. Visit <https://etax.dor.ga.gov/PTD/cas/cuse/assmt.aspx> for details.



Land Conservation Incentives Comparisons



Differences between Georgia's Land Conservation Tax Credit, the Federal Tax Deduction, and Counties' Conservation Use Valuation Assessment programs

Provision	GA Land Conservation Tax Credit	2008-2011 Federal Tax Deduction	2012+ Federal Tax Deduction (if Congress does not renew 2011 terms)	Conservation Use Valuation Assessment
Donation of conservation easement	Qualifies	Qualifies	Qualifies	n/a – temporary covenants only
Donation of land in fee-title	Qualifies	Qualifies	Qualifies	n/a
Incentive	25% of FMV up to \$250K for individuals, \$500K for corporations, \$1M in aggregate for partnerships	<ul style="list-style-type: none"> • 50% of AGI for easement donations • 100% of AGI for easement donations by farmers & ranchers (earn most of income from farming) • 30% of AGI for all fee-title donations; 	30% of Adjusted Gross Income (AGI) for all qualifying easement and fee-title donations	Reduction of assessment for property tax purposes to 'conservation use' status
Carry forward	Tax year plus 10 years	Tax year plus 15 years	Tax year plus 5 years	10 or 15 year commitment
Bargain sale	Gift portion eligible	Gift portion eligible	Gift portion eligible	n/a
Donation to Federal agency	Eligible	Eligible	Eligible	n/a
Donation to charitable nonprofit organization	"Qualified organization", as determined by DNR, plus adoption of <i>Land Trust Alliance Standards & Practices</i>	"Qualified organization" requirements only (defined in Treasury Regulations)	"Qualified organization" requirements only (defined in Treasury Regulations)	n/a – covenant agreed to with local county tax assessors' office
Establishment of donated value	By qualified appraisal	By qualified appraisal	By qualified appraisal	By state statute
Eligible land	DNR review of 7 state criteria determines eligibility	Treasury Regulations define "Conservation purposes"	Treasury Regulations define "Conservation purposes"	County govts determine eligible lands
Golf course	Not eligible	May be eligible	May be eligible	May be eligible
To increase density	Not eligible	Not eligible	Not eligible	n/a
Public education	Not eligible	Eligible	Eligible	n/a



Checklist for Claiming Tax Incentives for Land Conservation Donations

Federal Deduction

The federal tax deduction for conservation donations is claimed when filing annual income taxes. Donors must fill out Form 8283 with their personal information, a brief property description, appraised value of the donation, and signatures of both the donor's appraiser and donee organization.

- Form 8283** (www.irs.gov/pub/irs-pdf/f8283.pdf)
 - Personal information & property description
 - Appraiser signature
 - Donee organization signature
- Appraisal** (if value of donation is greater than \$500,000)

State Tax Credit

The State of Georgia's Conservation Tax Credit is claimed through a two-step process. Donors must first obtain certification of their donation from the Department of Natural Resources. Certified donors receive a certification letter from the DNR that must then be submitted with a qualifying appraisal as part of their annual state income tax returns.

- Application** and materials sent to Dept. of Natural Resources (www.glcp.ga.gov/taxcredit)
 - Landowner information & property description
 - Property Map
 - Donee organization information & signature
 - Evidence of clear title (e.g. title policy, title abstract, attorney's opinion of title)
 - Recorded easement with baseline report or restrictive covenant if fee-title donation
- Certification letter** from DNR should be included with State income tax returns
- Qualifying Appraisal** of the donation's value must be submitted with State income tax returns

Estate Tax Reduction

No donor action necessary. The value of the easement donation will reduce estate value and provide estate tax benefits when the estate is settled. Heirs of property can choose to donate a conservation easement on the property post-mortem as a tax strategy.

Property Tax Reduction

Donors may request a revaluation from their county tax assessor's office after completing a conservation easement. Tax assessors are required by law to consider easements when valuing property. Tax assessors may request varying information based on local procedures and protocol.