



Summary of Tax Incentives for Donations of Conservation Lands or Conservation Easements on Land – October 2009

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

- HR 1831 and S 812 may extend incentives for tax years 2008-09 into FY2010. These terms allow a deduction of up to 50% of the donor's adjusted gross income (AGI) for donations of qualifying conservation easements that can be used over a 16 year period. Qualifying farmers and ranchers (tax payers who earn most of their income from farming or ranching) can deduct up to 100% of AGI. Donations of fee title are eligible for a deduction of up to 30% AGI and can be used over 6 years. If Congress does not act on these initiatives, incentives will revert to their 2007 levels, which still allows a 30% AGI deduction for qualifying easement donations, among other terms.

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

- In 2006, House Bill 1107, known as *The Conservation Tax Credit Act of 2006*, was passed by the General Assembly and signed by Governor Perdue and amended through HB 1274 in 2008. Donations of land or conservation easements meeting state conservation purposes qualifies donors for a state income tax credit up to \$250K (individual), \$500K (corporation) or \$1M (partnership);
- The donor has 10 years to use the credit. The law provides for a credit (which is better than a deduction) on Georgia state income tax of 25% of the donated value for qualifying lands;
- Applications for the tax credit can be found online at www.glcp.org and are made through the Department of Natural Resources.

3. Estate Tax Benefits:

- 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;
- In a large estate, as much as 55% of the property value is taxed and payable to the Federal government within 9 months of death. 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 after placement of a conservation easement restricting future use on it thereby reducing property taxes; *however*, a reduction of assessed value is at the discretion of the local tax assessor. The Conservation Use Valuation Assessment (CUVA) programs offered by County's tax assessors provide property tax reductions, but because the associated covenants are temporary (10 years), donors may not claim any of the other above incentives. Visit <https://etax.dor.ga.gov/PTD/cas/cuse/assmt.aspx> for more 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	Federal Tax Deduction	Conservation Use Valuation Assessment
Donation of conservation easement	Qualifies	Qualifies	n/a – temporary covenants only
Donation of land in fee simple	Qualifies	Qualifies	n/a
Incentive	25% of FMV up to \$250K for individuals, \$500K for corporations, \$1M in aggregate for partnerships	50% of Adjusted Gross Income (AGI) for easement donations (100% of AGI for farmers & ranchers) and 30% of AGI for 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	10 years
Bargain sale	Gift portion eligible	Gift portion eligible	n/a
Donation to Federal agency	Eligible	Eligible	n/a
Donation to charitable nonprofit organization	“Qualified organization” plus adoption of <i>Land Trust Standards and Practices</i>	“Qualified organization” requirements only (defined in Treasury Regulations)	n/a – covenant held by local county tax assessors’ office
Establishment of donated value	By qualified appraisal	By qualified appraisal	State Property Tax Division
Eligible land	DNR criteria and review determines eligibility	Treasury Regulations define “Conservation purposes”	County govts determine eligible lands
Golf course	Not eligible	May be eligible	May be eligible
To increase density	Not eligible	Not eligible	N/a
Public education	Not eligible	Eligible	n/a