Saving a Way of Life

Arizona’s diverse landscapes shape our cultural identity and enhance our lives. Our beautiful mountains, deserts, waterways, and historic places reflect our regional community values. People move to north-central Arizona from both within- and out-of-state to enjoy small town living that offers enhanced opportunities to engage with our unique and diverse natural surroundings. Conserving these unique landscapes enhances our quality of life and supports vibrant local economies.

Additionally, conserving land works to protect our water supply, provide habitat for our fish and wildlife, preserve our agricultural heritage, and offer recreational access and opportunities. Without our wide-open spaces to experience and enjoy, Arizona just wouldn’t be Arizona.

The Central Arizona Land Trust (CALT) works each day to conserve many of the natural areas we all love and cherish. In partnership with private landowners and citizens just like you, CALT is here to help landowners preserve Arizona for future generations. The primary tool used by CALT and other land trusts across America is the establishment of conservation easements. These are voluntary agreements between private landowners and qualified land trusts (or sometimes governmental agencies) that prevent future development to ensure the land you and your family love will be protected in perpetuity. In turn, the federal government recognizes conservation easements as charitable contributions, which may be eligible for enhanced tax benefits and reduce estate taxes. Saving a slice of Arizona’s unique heritage may be an option to explore as you plan for your lasting legacy.

More Information

For more information on conservation easements, see the following links:
- Central Arizona Land Trust
  www.centralazlandtrust.org
- The Land Trust Alliance
  https://www.landtrustalliance.org/topics/taxes
- The Land Conservation Assistance Network
  https://www.landcan.org/conservation-tax-center/
  https://www.landcan.org/lawlibrary/Estate-Planning/Laws-and-Regulations-

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Creating Lasting Legacy through Conservation Easements

The Central Arizona Land Trust is an Arizona nonprofit corporation and is tax exempt under Section 501(c)(3) and a qualifying organization under Section 170(b)(1)(A)(vi) of the Internal Revenue Code for the acceptance of conservation easements.

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Contact
Central Arizona Land Trust
P.O. Box 1950
Prescott, AZ 86302
Office: (928) 445-7790
Email: calt@centralazlandtrust.org
Financial Benefits

There are two types of financial benefits that accompany a conservation easement:

**Federal Tax Deduction**: A conservation easement may be treated as a charitable gift if donated to a qualifying organization, making the value of the easement tax deductible. The federal tax incentive for conservation easements allows a landowner to deduct the easement’s value up to fifty percent of his/her adjusted gross income, with a fifteen-year carry forward period. Qualiﬁed farmers and ranchers are allowed to deduct the easement’s value up to one hundred percent of their adjusted gross income with a fifteen-year carry-forward period.

**Estate Tax Incentive**: Another important tax beneﬁt is the reduction of estate taxes. By granting a conservation easement the value of the land may be decreased, which can lower the value of the land for estate tax purposes. An exclusion from the taxable estate is allowed for up to 40% of the remaining property value (maximum of $500,000) in the estate.

Easements must be permanent and established for at least one of the following:

- Preservation of open space for scenic enjoyment or pursuant to a governmental conservation policy that will yield a significant public beneﬁt
- Protection of a natural ecosystem
- Preservation of a historically important land area or certiﬁed historic structure
- Outdoor recreation or education of the general public

Easements must be donated and held by a qualiﬁed conservation organization or governmental organization with a commitment to protect the easement’s purpose. Easements must contain restrictions that the qualiﬁed organization can enforce.

Non-Financial Benefits

Landowners may have different reasons for donating a conservation easement. Many reasons have nothing to do with ﬁnancial gain but the desire to protect land from being developed. Landowners who have donated easements consistently state that the beneﬁts of the conservation easement extend far beyond their pocketbook. These non-ﬁnancial beneﬁts include the preservation of Arizona’s landscapes in an open and undeveloped state, preservation of the rare environments, riparian and riverine, and support of wildlife habitat and movement corridors.

Costs to the Donor

Typically, the conveyance of a conservation easement requires the following items to complete the transaction: Appraisal Report, Baseline Documentation Report, Mineral Royalties Report, Title commitment and closing costs, Land Trust Project Administration Fee, and a Stewardship Contribution to the qualiﬁed land trust for perpetual stewardship (annual site visits).

Landowners contemplating a conservation easement should note that property with a mortgage must ensure that the mortgage deed can be subordinate to the deed of conservation. Therefore, landowners should consult with their banks/lenders to determine the process for mortgage subordination on an existing mortgage or one placed on the property after the conveyance of a conservation easement.

This document summarizes complex federal tax and estate laws. Landowners should seek independent legal and tax advice before entering a land conservation transaction. This will ensure that the donor fully understands what is, and is not permitted under the conservation easement and what the anticipated tax beneﬁts from the transaction will be. Each donor’s tax situation is unique and donors must rely on recommendations of their legal and tax advisors.