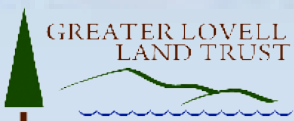


A Guide to
**Conserving
Your Land**





Conservation Steps

- A landowner and the land trust meet to discuss the landowner's goals, conservation options, and the property's conservation values.
- The land trust holds a site visit at the property, reviews the property according to established criteria, and determines if the property has conservation value of interest.
- If the landowner and the land trust reach an understanding, a conservation plan is developed.
- The land trust asks the landowner to sign a letter of intent to donate, or an agreement to sell.
- Legal work begins, including the title search, deed preparation, and/or conservation easement drafting.
- The parties review the draft documents. Revisions are made if necessary. The landowner consults with their legal counsel and tax advisors.
- If the landowner intends to claim a gift of land or an easement as a charitable contribution, a qualified appraisal must be obtained by the landowner and a copy provided to the land trust. See 'Charitable Contributions' for more information.
- The land trust may request the landowner to have a boundary survey done to make certain the boundaries are clearly defined and marked on the ground.
- A property baseline inventory or management plan is compiled, which includes property maps, photographs, and deed history.
- The deed or easement is given final approval by the land trust and the closing takes place to sign and record documents.
- The land trust requests that the landowner make a gift to be placed in the reserve fund for the ongoing protection of the property.
- The land trust monitors the property annually and files reports.

Requirements for Charitable Deductions

The Internal Revenue Service statute (Internal Revenue Code 170(h)) and corresponding U.S. Treasury Department regulations (Tres. Reg. 1.170A-14) set the requirements for charitable gifts.

Generally, one of four requirements are needed to qualify for conservation easements:

- Provides outdoor recreation or education use to the public
- Protects natural habitat for fish, wildlife, plants, etc.
- Preserves open space for scenic enjoyment and yields a significant public benefit
- Preserves historically important areas

Costs to a Landowner

The costs to the landowner are highly dependent upon the size and the complexity of the project. Landowners may have their own expenses when advancing a conservation transaction that include:

- Legal and financial advice
- Boundary surveys
- Appraisals
- Resource management (e.g. forestry, planning)

In addition, the land trust may require a charitable donation of cash or another asset from the landowner. These funds are restricted to ensure that the land trust has adequate financial resources to manage and/or monitor the land in perpetuity. The size of this gift will vary with each property depending on its size and management needs. In cases where the request for a cash gift is burdensome to the landowner, flexible payment arrangements can be arranged.



Financial Benefits to Donating Land

The information in this publication does not constitute legal or tax advice. Greater Lovell Land Trust (GLLT), Loon Echo Land Trust (LELT), Mahoosuc Land Trust (MLT), and Western Foothills Land Trust (WFLT) recommend that landowners consult with a tax advisor, estate planner, and attorney before proceeding with a charitable gift of land or a conservation easement.

Income taxes

Both donations of land and conservation easements qualify as charitable gifts, in accordance with IRS rules. For land donations, the deduction amount is limited to a percentage of the donor's adjusted gross income; any remaining value can be carried forward for the next five years. For conservation easement donations, a donor can deduct the loss in fair market value up to 50% of adjusted gross income (100% for qualified farmers and ranchers), with a carry-forward period of 15 years.

Estate taxes

The donation of a conservation easement, either before or after death, usually lowers the value of a landowner's estate, therefore reducing estate and inheritance taxes. Families have found that a conservation easement enables them to keep lands that otherwise might be sold to pay estate taxes.

Property taxes

Transferring ownership of property also transfers the responsibility of future property tax payment to the land trust. Our current policy is to pay taxes at the Maine Tree Growth or Farm and Open Space tax rate.

Conservation easements may also provide landowners with property tax relief, especially if the land is enrolled in the Maine Tree Growth or Farm and Open Space tax programs. Town tax assessors may need to review the eased land and/or an appraisal report to reduce the assessed value.

Charitable Contributions

If a landowner chooses to make a full donation, bargain sale, or bequest of their property or a conservation easement, they could be eligible for an income tax deduction.

If a landowner intends to claim an income tax deduction when conveying a conservation easement or gift of property that is over \$5,000 in value, they are responsible for hiring an appraiser to determine the value of such a gift. The appraiser must be qualified, follow Uniform Standards of Professional Appraisal Practice, and conform to IRS appraisal requirements. The appraisal is time-sensitive; it must be completed no earlier than 60 days prior to the date of donation and no later than the date on which the donor files the tax return claiming the deduction.

The land trust requests a copy of the completed appraisal for review before signing the IRS 8283 form. This form is necessary to claim an income tax deduction. The land trust will not knowingly participate in conveyances where there are significant concerns about the appraised value and associated tax deduction.

The decision to conserve your land is one that takes time and a great deal of consideration. We appreciate your interest in GLLT, LETL, MLT, and WFLT.

Thank you!

Additional Information

For more information and materials regarding land conservation benefits, visit the Land Trust Alliance at lta.org or the Maine Land Trust Network at mltn.org

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