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A regional, non-profit land trust and education organization working to retain Tug Hill's forest, farm, recreation and wild lands through voluntary private land protection, education and research.

New Federal Law Gives Better Tax Break for Voluntary Conservation Agreements

Congress recently passed a law to enhance the tax benefits of protecting your land by donating a voluntary conservation agreement. If you own land with important natural or historic resources, donating a voluntary conservation agreement can be one of the smartest ways to conserve the land you love and protect Tug Hill's natural heritage, while maintaining your private property rights and possibly realizing significant federal tax benefits.

These new incentives make it easier for average Americans, including working family farmers and ranchers, to donate land. The legislation allows:

- A conservation agreement donor to deduct up to 50% of their adjusted gross income in any year;
- Qualifying farmers and ranchers to deduct up to 100% of their adjusted gross income; and
- Donors to take deductions for their contribution over as many as 16 years.

These changes allow many modest income landowners to deduct much more than they could under the old rules, bringing increased fairness to the tax code.

What do you need to know to enter into a voluntary conservation agreement? Here are the facts:

- A voluntary conservation agreement, also known as a conservation easement, is a legal agreement between a landowner and a nonprofit land trust or government agency that permanently limits uses of the land in order to protect important conservation values. It allows you to continue to own and use your land and to sell it or pass it on to heirs.

- When you enter into a voluntary conservation agreement with a land trust, you give up some of the rights associated with the land. For example, you might give up the right to subdivide your land or build additional houses, while retaining the full right to grow crops. Future owners also will be bound by the agreement's terms. The land trust is responsible for making sure the terms of the agreement are followed.

- Voluntary conservation agreements vary widely. An agreement to protect rare wildlife habitat might prohibit any development there, for example, while one on a farm might allow continued farming and the building of additional agricultural structures. An

agreement may apply to just a portion of the property, and need not require public access.

- A conservation donation requires not only a willing donor, but a qualified conservation organization to accept the donation. That organization needs to be able to show that the donation closely fits its particular charitable mission. A land trust will not accept a donation that does not fit its mission and purposes.

- A voluntary conservation agreement can help a landowner pass land on intact to the next generation. By limiting the land's development potential, the agreement lowers its market value, which in turn lowers estate tax. Whether the agreement is donated during life or by will, it can make a critical difference in the heirs' ability to keep the land intact.

- If a conservation agreement benefits the public by permanently protecting important conservation resources and meets other federal tax code requirements, it can qualify as a tax-deductible charitable donation. The amount of the donation is the difference between the land's value with the agreement and its value without the agreement.

- To qualify as a charitable donation, a conservation agreement must be permanent. A landowner should get professional financial planning and legal advice before making such a major donation.

- In addition, this April 2006, NYS passed the Conservation Tax Credit, an annual income tax credit of 25% of the property taxes paid on land protected by a conservation easement, up to $5000 per year.

To learn more about protecting your land with a voluntary conservation agreement, contact:

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