

Conservation Easement Tax Credit

- ▶ Conservation easements are the primary land preservation tool in Colorado, accounting for more than two-thirds of all conserved land in the state.
- ▶ They have been used to protect over a million and a half acres of land across Colorado from development. There are over three thousand conservation easements around Colorado that have protected farms, ranchlands, scenic and historic areas, wildlife habitat, and unique natural areas that otherwise could have been lost forever to development.
- ▶ The original tax credit legislation was passed in 1999
- ▶ Conservation easements are sold or donated by private landowners to nonprofit or governmental entities. Property owners may continue using their land as they have been but give up specific rights, such as the right to develop or subdivide.
- ▶ In exchange for the donation, the landowner receives a transferable income tax credit for 50% of the fair market value of a conservation easement to a maximum amount of \$375,000. The amount of the donation must be supported by a qualified appraisal and must comply with several other aspects of state and federal law
- ▶ As a result, conservation easements provide a cost-effective way for the state to protect land from development and protect Colorado's heritage.

Land conservation is critical to support Colorado's economy and quality of life

- ▶ Nearly two thirds (65.7%) of tourists to Colorado come for an activity tied to our surroundings. Tourism generates over \$10 billion annually for Colorado's economy and provides more than 140,000 jobs.
- ▶ Outdoor recreation generates an estimated \$10 billion in state tax revenues and retail sales and services annually while supporting over 100,000 jobs
- ▶ Agriculture generates over \$6 billion in direct products and \$20 billion in economic activity in addition to providing valuable support for local economies
- ▶ An excellent quality of life is critical to the attraction, motivation, and retention of the skilled and talented workers that are essential to the success of a growing business. Colorado companies have a competitive edge that they do not have to pay for due to the incredible combination of spectacular scenery and recreational opportunities that make Colorado an ideal place to call home.
- ▶ Colorado could have incredibly competitive business incentives, but if no company or workers want to relocate to, or remain in, Colorado, it will not matter. The quality of life afforded by our surroundings, from the spectacular mountains to the plains, makes Colorado a place where people want to live

Reform of the program has been effective

- ▶ HB08-1353 has been incredibly successful in reforming the tax credit program. This legislation has three major functions: 1) all conservation easement appraisals must now be submitted to the Division of Real Estate, 2) the Conservation Easement Oversight Commission was created to advise the Division of Real Estate and Department of Revenue on easement-related matters, and 3) all easement holders, starting with land trusts in 2010 and culminating with local government entities in 2011, must be certified by the State in order to hold an easement that will generate a tax credit
- ▶ This certification requirement had an immediate impact: in 2008, less than 1% of easement transactions were done by organizations who did not apply for certification. Between 2000-2006, nearly 40% of easement transactions were done by those same organizations.



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