



## Tax Matters For Land Trusts

The charitable tax deduction is critically important to land trusts and landowners. Every land trust depends on charitable contributions to support its work, and the deduction is a powerful incentive for landowners who want to conserve their lands working with their local land trust. Tax reform could have a profound effect on both of these – and, ultimately, on land conservation.

### Tax Reform Could Affect Our Fundraising

Land trusts will be watching tax reform carefully, as it could have a serious impact on fundraising for charities like us. Research clearly shows that while prosperity definitely helps fundraising, the tax incentives for charitable giving definitely affect the size and number of gifts to charity.

### Don't Cap Charitable Contributions!

Donations of land and of conservation easements are extremely valuable gifts, averaging \$400,000 per donation or more. They are also expensive gifts to make, with landowners often having to pay for surveys, appraisals and legal work. Landowners, and especially land-rich, cash-poor farmers and ranchers, cannot afford to give away what is often their family's most valuable asset without the support the charitable deduction – boosted by an enhanced deduction enacted by Congress in 2015 – gives them.

This enhanced incentive allows donors to take the deduction for donating a conservation easement from 30% of his or her annual income to 50% with a longer carry forward period. This alone responsible for an increase in donations of 1 million acres per year.

We were very glad to see that the recently announced White House tax reform principles did not include a cap on deductions and hope that the Congress will steer away from any such limit.

***A dollar cap on deductions would reduce that incentive and significantly hurt private conservation efforts.***

### Land Trusts Support IRS Enforcement

IRS Notice 2017-10 required participants to report certain syndicated transactions structured to allow investors to make a profit from the donation of a conservation easement. These are transactions where partnerships have claimed a value for their donation far in excess of a recent purchase price.

***The land trust community supports this IRS action – these transactions definitely deserve a closer look!***