



Donating a conservation easement to the Estes Valley Land Trust: Frequently Asked Questions

What is the Estes Valley Land Trust?

The Estes Valley Land Trust is a 501(c)3 organized as a nonprofit under Colorado law, certified by Colorado's Division of Real Estate and nationally accredited by the Land Trust Alliance. The Estes Valley Land Trust has operated since 1987 and has an office in Estes Park, Colorado. Currently, the Estes Valley Land Trust has three employees, a 14-member Board of Directors, over 100 volunteer monitors and nearly 700 members. The Estes Valley Land Trust holds more than 160 conservation easements that protect over 9,700 acres of land.

What is the Estes Valley Land Trust's mission?

The mission of Estes Valley Land Trust is to preserve and protect open space, valleys, wetlands, streams, ranch lands, and wildlife habitat in the Estes Valley and surrounding area. Lands adjacent to Rocky Mountain National Park and the Arapaho-Roosevelt National Forest are of special concern.

What is a conservation easement?

A conservation easement is a deed restriction that permanently protects the conservation values of land. Conservation easements are voluntary and negotiated between a willing landowner and the land trust. The landowner continues to own and use the land and can sell or transfer the land.

What are conservation values?

Conservation values generally describe the physical features or natural resources of land. The IRS recognizes four basic conservation purposes, or categories, of conservation values:

- Open Space (farmland, forest land and other scenic natural areas)
- Relatively Natural Habitat (ecosystems that provide habitat for fish, wildlife or plants)
- Land for Public Recreation or Education (land providing physical access by the public)
- Historically Important Land (land with historic structures or significant cultural features)

Can I still develop my property?

It depends. Many conservation easements allow limited development of the property as long as the conservation values are not harmed. Building envelopes can be incorporated into the conservation easement.

Will the public have access to my property?

Generally, no. The landowner normally prohibits public access. In some cases, where a local or state government owns the land, such as a town park, public access is permitted for recreation purposes. However, allowing public access may increase the value of your donation and, hence, your tax benefit.

Are there financial benefits to donating a conservation easement?

There are federal, state and local tax benefits for donating a conservation easement.

- Federal Tax Deduction – The donation of a conservation easement that meets federal tax code requirements may be considered a charitable gift, which can qualify for a charitable income tax deduction.

- Estate Tax Incentive – Donating a conservation easement may reduce the value of the land for estate tax purposes, thus reducing the estate taxes.
- Colorado State Tax Credits – Colorado taxpayers may be eligible for a transferable state income tax credit for the donation of a qualified conservation contribution. Unlike a deduction, a credit provides a dollar-for-dollar write-off on taxes owed. The tax credit is valued at 75% of the first \$100,000 in conservation easement value and 50% of the remaining conservation easement value up to \$1,500,000, and can be used over a 20-year period. The donor of the qualified conservation contribution can also transfer all or part of the tax credit to other Colorado taxpayers at approximately \$0.83 per dollar.

For example, a \$2M property that is appraised at \$500,000 after donating a conservation easement would be eligible for a \$775,000 tax credit.

- Property Tax Benefits – The donation of a conservation easement may reduce local property taxes.

This information does not constitute legal, financial or tax advice. Landowners are strongly encouraged to retain qualified legal, tax and other advice before conserving their land.

How much does this cost?

In order to qualify for a Colorado State Tax Credit, the landowner must provide a qualified property appraisal, complete an application, and provide a baseline document and recorded conservation easement. The land trust must also purchase a title policy and secure a stewardship defense contribution from the landowner.

When are these costs due? Is there an annual fee to the land trust?

The costs associated with the appraisal, tax credit application, baseline document, title policy and recorded conservation easement occur before the application for Colorado State Tax Credits is submitted. The stewardship defense cost is generally due once the tax credits have been issued. There are no annual fees.

If I sell the land, will the conservation easement dissolve?

No, the conservation easement runs with the land and is permanent. Permanency is one of the easement principles that enable the donation to be eligible for tax benefits.

If I change my mind, can I or a future landowner dissolve the conservation easement?

No, the easement is a permanent deed restriction.

How long does this process take?

The process of developing the baseline document and appraisal and negotiating the conservation easement generally takes 3-6 months. Once the Colorado State Tax Credit application has been submitted, the State of Colorado has taken up to one year to issue tax credits.

What are the landowner's long-term responsibilities?

The landowner (and successive landowners) must comply with the terms of the conservation easement.

What are the land trust's long-term responsibilities?

The land trust must annually monitor the property to ensure there are no violations of the conservation easement and must legally defend the conservation easement if a violation is observed.

How do I get started?

Contact the Estes Valley Land Trust and speak to the Executive Director.