



## Summary of Potential Conservation Easement Tax Benefits

Placing a conservation easement on land may result in significant savings on federal income taxes for landowners. This is because permanently protecting important conservation resources on private land benefits the public by helping to keep our water clean, providing fish and wildlife habitat, and allowing rich farmland to continue producing food for people. The conservation easement keeps the land in private ownership managed by the landowner but limits future development of the land to protect conservation resources such as wetlands, riparian areas, and rich farmland in perpetuity. The conservation easement has value because, in protecting the conservation resources on their land, the landowner is giving up some rights such as the right to develop a residential subdivision, gas station, box store, dump, or mine in the future.

The Enhanced Conservation Easement Tax Incentive allows the value of a donated conservation easement to qualify as a charitable tax deduction on the donor's federal income tax return. The value of the conservation easement for purposes of this deduction is typically the difference in value of the easement property before and after the donation of the conservation easement. For example, through the Enhanced Conservation Easement Tax Incentive, a landowner earning \$50,000 a year who donated a conservation easement worth \$1 million can take a \$25,000 deduction (50% of his or her adjusted income) each year for sixteen years, generating a total of \$400,000 in federal income tax deductions. If the landowner receives a majority of their income from agriculture, they can deduct 100% of their adjusted income.

