Potential Tax Advantages of Conservation Easements

A conservation easement is one of the most powerful tools available for landowners who want to protect their property while potentially securing significant savings on federal income taxes.

How It Works:

Placing a conservation easement on your land means you are permanently protecting important resources that benefit the public, such as clean water, wildlife habitat, and productive farmland. In recognition of this public benefit, you may be eligible for significant reductions in federal income taxes.

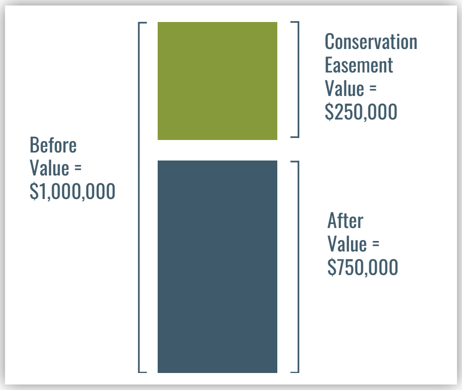
- **Development is Limited:** You voluntarily agree to restrict most future development, including subdivisions, commercial use, or mining. These restrictions are put in place to permanently protect the agreed-upon conservation resources, such as wetlands, riparian areas, or rich farmland.

- **Conservation Easements Have Value:** Since you are giving up some development rights, you are creating a valuable donation. This donation qualifies for a charitable tax deduction on your federal income tax return.

Enhanced Federal Income Tax Incentives:

The **value** of the conservation easement is determined by a qualified appraisal and is the difference between the land's value before the easement and its value after the easement is placed.

Example:



The **Enhanced Conservation Easement Tax Incentive** allows the value of a donated conservation easement to qualify as a charitable deduction on your federal income tax return:

Landowner Type	Annual Deduction Limit	Carry-Forward Period
General Landowners	Up to 50% of your Adjusted Gross Income (AGI)	Up to 16 years (or up to the value of the conservation easement)
Farmers/ Ranchers with majority income from agriculture	Up to 100% of your Adjusted Gross Income (AGI)	Up to 16 years (or up to the value of the conservation easement)

Example: A general landowner earning $50,000 per year who donates an easement worth $250,000 could potentially take a $25,000 deduction (50% of AGI) each year for 10 years, resulting in $250,000 in total federal income tax deductions.

Estate Tax Benefits:

- Placing a conservation easement on your land can help with estate planning and may diminish estate tax burdens.

Important Note: This flyer is a summary of potential tax benefits. You will need to consult your own attorney and/ or financial advisor to determine how these incentives apply to your unique financial situation. Flathead Land Trust does not offer tax advice.