

New Tax Incentives for Conservation Easement Donations

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This past summer, the United States Congress enacted legislation that offers new tax incentives for donations of conservation easements. There are now significant increases in tax savings to easement donors because Congress raised the percentage of adjusted gross income that may be deducted in a given year and increased the number of years over which the deduction may be applied. Landowners who donate conservation easements may now deduct up to 50% of their adjusted gross income each year, an increase from 30%. Additionally, "qualifying" farmers can deduct up to 100% of their adjusted gross income. "Qualifying" farmers are defined as those who derive at least 50% of their adjusted gross income from agricultural trade or agricultural business. In addition to the increase in adjusted gross income deductions, such deductions may now be applied to the year the easement is signed, and any remainder value may be applied over the subsequent 15 years. Previously, deductions were limited to a five-year period. The tax savings are especially important for landowners who protect large parcels of land but have relatively low gross annual incomes. The new legislation approximately quadruples the deductions that landowners can take by donating conservation easements.

The greater Philadelphia region is one of the fastest growing areas in the nation. We are running out of time to protect what is left of our best natural and agricultural resources. More than 150,000 acres of forest, farmland, and community open space have been protected in Pennsylvania using conservation easements. Of that total, the Brandywine Conservancy has protected more than 40,000 acres. Generous landowners who voluntarily donate conservation easements to the Brandywine Conservancy are inspired by their love of the Brandywine Valley, their connection to the land and its history, and a wish to leave a legacy for future generations. Such inspiration is at the heart of our work to permanently protect valuable natural and historic resources. For most landowners, donating a conservation easement is a major financial decision, and the federal income tax deductions that come with donations help make easements possible in our community.

Since the enhanced tax savings are only available for tax years 2006 and 2007, conservation-minded landowners should act now. For more information, please contact David Shields at 610-388-8342 or dshields@brandywine.org.