



Joint Committee Proposes Slashing Conservation Incentives

FACT SHEET

A recent report by Congress's Joint Committee on Taxation¹ recommends dismantling tax deductions for landowners who volunteer to conserve their land—a program that has been essential to private and public conservation efforts.

Those tax incentives, in place for more than 25 years, have led to voluntary conservation of more than 34 million acres of working agricultural lands, working forests, wildlife habitats, historic landscapes, and parklands.

Currently, landowners who care about conservation and are willing to protect important resources on their property have several options:

- They can donate a conservation easement, which protects these resources forever, but allows families to continue to live on and farm the land, and pass the property on to their heirs. Now, they receive a tax deduction for the value of the development rights they give up.

The Joint Committee proposes: (1) forbidding any deduction for donating an easement if the landowner continues to live on the land; and (2) in all other cases, allowing the donor to deduct only 1/3 the value of their donation. This would effectively eliminate the tax incentives for donations of conservation easements.

- They can also choose to donate their land, or sell it for less than its value. Landowners who do so qualify for a tax deduction.

The Joint Committee would slash this incentive, by limiting deductions to the price the landowner originally paid for the property (their "basis"). This would make it extremely difficult for farmers, ranchers, and other residents who have owned their lands for decades to be able to afford to donate.

At a time when development and sprawl threaten much of what makes our communities livable—clean air and water, open space, parks, and wildlife habitat—private landowners have a critical role to play in conservation. With state and federal budget deficits limiting government purchase of conservation land, one of the best ways to conserve America's natural legacy is through incentives to private landowners. This approach is working because it encourages voluntary charitable gifts, respects private property rights, and keeps land on the tax rolls.

Conservationists support reforms targeted to prevent abuse of the existing laws. The proposals of the Joint Tax Committee don't do that – instead, they punish all donors, fail to identify abusers, and wreak havoc with private, voluntary conservation, at a time when it is needed more than ever.

¹ Joint Committee on Taxation. (2005). *Options to Improve Tax Compliance and Reform Tax Expenditures* (JCS-02-05).