

# Conservation Easements

## *A Tool for Protecting the Lands We Cherish*

A Guidebook for New Mexico's Middle Rio Grande



Created by Rio Grande Agricultural Land Trust  
*in partnership with Ciudad Soil & Water Conservation District*



This guidebook was created by

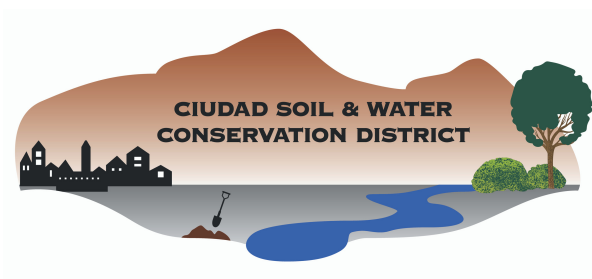
## Rio Grande Agricultural Land Trust

Our vision of the Middle Rio Grande—urban and rural—is a landscape rich with vegetation and wildlife, water in the river and ditches, and thriving farms.



*in partnership with*

Ciudad Soil and Water Conservation District  
Bernalillo County Community Services Open Space Program



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We cannot afford to lose our farms, ranches and open space.  
What happens to our land directly affects our water supply,  
wildlife, local food supply, and the vitality and  
heritage of our rural and urban communities.



**FARMERS MARKET**





# WHAT IS A CONSERVATION EASEMENT?

A **conservation easement (CE)** is a specialized, legally binding, real estate transaction that stays with the land forever. Conservation easements allow people to protect the land they love, and they are the most readily available tool for protecting privately owned land.

CEs limit the development of private lands, protect the conservation values of the land and remain with the land forever. Each CE is tailored to fit the characteristics of the property and to meet the land protection needs of individual landowners.

Land trusts work with landowners to determine the conservation values of the land and the restrictions needed to protect them. These restrictions protect productive agricultural land, ground and surface water, wildlife habitat, and cultural and historic sites. Conservation easements help ensure that the lands cherished by the community are protected for future generations.



# THE PUBLIC BENEFITS OF CONSERVATION EASEMENTS

**The middle Rio Grande of New Mexico is a patchwork of urban and rural communities.** Because it is the fastest growing region of our state, lands are threatened by development, limited water resources, and the day-to-day stresses of a growing population.

**Protecting your land with a conservation easement protects New Mexico's social, economic, cultural and environmental resources.**

Conservation easements that protect irrigated farmland help safeguard the local food shed and the farms that grow our favorite local fruits and vegetables. They also make farmland more affordable for new and young farmers, ensuring that the next generation of farmers are able to access land and grow food in our community!





Conservation easements also conserve watersheds, aquifers, and the water that flows through the Rio Grande, helping ensure a clean, sustainable supply of water for people and wildlife.

They provide a buffer for wildlife refuges and treasured public lands like the bosque and community open spaces. As “buffers,” conservation easement lands keep development encroaching on these spaces, protecting habitat for migratory birds and wildlife, scenic vistas, and outdoor leisure opportunities for people.

Conservation easements protect the New Mexico we love: from our local foods like chiles, apricots and piñon; to the sandhill cranes that visit us each fall; our beloved cottonwoods and the flowing waters of the Rio Grande; and our cultural traditions rooted in land, water, and the place we call home!





# PROTECTING FAMILY LANDS: HOW RGALT CAN HELP!

## **Rio Grande Agricultural Land Trust: The Middle Rio Grande's Land Trust**

Land trusts are non-profit organizations that are established to protect the land and its resources. The Rio Grande Agricultural Land Trust (RGALT) works with landowners in the middle Rio Grande to protect working farms and ranches, wildlife habitat, open space, and scenic vistas for New Mexico's future.

RGALT brings 20 years of experience in providing Middle Rio Grande communities and landowners with specialized expertise in conservation easement development and implementation. RGALT works with nearly 100 partners to protect land and water in New Mexico's most populated and most threatened area, the Middle Rio Grande. This area is under tremendous threat due to urban expansion and loss of water rights; yet it also provides critical corridors for wildlife, local food production, outdoor recreation opportunities, and open space in an urban setting. RGALT helps landowners protect their cherished land, keep the land in the family, ensure a legacy of good stewardship, and protect New Mexico's cultural heritage.





# PROTECTING FAMILY LANDS: HOW CIUDAD SWCD CAN HELP!

## **Ciudad Soil & Water Conservation District: Supporting Bernalillo & Sandoval Counties**

To the Ciudad Soil and Water Conservation District, conservation means using our natural resources wisely and protecting the quality of our environment for future generations. Environment can be defined in many ways, but in essence it means all the things that provide for and preserve life - air, climate, soil, water, plants, and animals. It is the sum of all the things upon which we depend and which enrich our lives.

Ciudad SWCD exists to provide local input into the management of our natural resources, set out a plan of action to address locally-determined resource concerns, and encourage voluntary implementation of that plan by district landowners. The Ciudad Board of Supervisors wishes to truly represent the visions and desires of the people within our district that includes Bernalillo and Sandoval counties.









# LOCAL CONSERVATION INITIATIVES

## **Bernalillo County Conservation Initiative**

In 2014, voters in Bernalillo County approved the 2014 Open Space Mill Levy, providing approximately \$1,350,000 annually for conservation in the County.

In the fall of 2015, the County approved the Parks, Recreation, and Open Space Facilities Master Plan, and in 2017 they approved the Bernalillo County Greenprint. **The Greenprint** determines where the greatest number of community goals can be met through conservation and identifies the areas that would get “the most bang for the conservation buck.”

In addition, Bernalillo County coordinates the **Cultivating Bernalillo County Grow the Growers** program. The program is a comprehensive farm training and business acceleration initiative designed to attract new and emerging farmers into professional food production. Bernalillo County and its program partners are committed to strengthening the local food economy by nurturing the next generation of food entrepreneurs.

**All together, Bernalillo County conservation initiatives support community-based agriculture, including the conservation of existing agricultural lands through conservation easements.** The county is working with diverse partners, to include RGALT and the Ciudad Soil and Water Conservation District to develop and implement a conservation easement program to forever protect priority lands in the County.



## Conservation in Corrales, New Mexico

In spring 2018, the voters in the Village of Corrales passed a bond measure that provides funding for farmland preservation. This follows their 2004 bond that approved the sale of \$2.5 million in bonds committed to preserving farmland and open space. Landowners who participated in the 2004 initiative conveyed conservation easements on their land. This allowed private landowners to maintain ownership while preserving their property for agriculture and open space for the community.





# CONSERVATION EASEMENT QUICK FACTS

**How common are conservation easements?** Very common! 14 million acres of land are protected by land trusts across the US.

**Does the landowner still own the land?** YES! The landowner can sell it anytime. The easement does not freeze the value of the property. The easement goes with the land, not with the landowner.

**Is public access required?** NO! The landowner controls access to the property.

**Will the easement interfere with the management of my ranch or farm?** NO! The landowner retains control over property management. The conservation easement also does not limit land management practices.

**Does the landowner have to donate the conservation easement in perpetuity (forever)?** YES! To qualify for a tax deduction, the conservation easement must be perpetual.

**Do I still pay my property taxes?** YES! But the property will be taxed as undeveloped or agricultural land. This means taxes are often less!

**What about water rights?** Conservation easements require that water rights stay with the land.





## OTHER THINGS TO KNOW ABOUT CEs

Conservation easements are real estate transactions and like all real estate transactions, there are transaction costs. These costs may include a survey, appraisal, title insurance, a baseline document, and any other due diligence necessary in conveying a conservation easement. In some cases land conservation programs may help with these costs.

### **Term of an Easement**

Conservation easements are permanent and forever. However, like other property interests, CEs can be terminated through imminent domain proceedings.



# Retained Rights

After granting an agricultural CE, landowners retain title to their property and can continue to farm and ranch, restrict public access, pass the land on to their heirs, or sell their property. Easements also remain on the local tax rolls. Landowners also continue to be eligible for state and federal farm programs.

# Valuation

The value of a conservation easement is the fair market value of the property minus its restricted value. It is important to determine the value of the easement because this helps establish its sales price or calculate tax benefits that may be available under federal and state laws. The value of an easement is determined by a qualified appraiser. In general, higher easement values are associated with more restrictive agreements and greater development potential on the property and in the surrounding area.





# TAX INCENTIVES OF CONSERVATION EASEMENTS

When you donate a permanent conservation easement to a qualified conservation organization like RGALT, you can receive a variety of tax advantages described below.

## Federal Level

In 2015, the US Congress enacted **the Enhanced Federal Tax Incentive for Conservation Easement Donations**. If a conservation easement is voluntarily donated to a land trust or government agency, and if it benefits the public by permanently protecting important conservation resources, it can qualify as a charitable tax deduction on the donor's federal income tax return. This tax incentive:

- Raises the deduction a landowner can take to 50% of his or her annual income
- Extends the carry forward period--the time during which the landowner can take the deduction--to 15 years
- Allows qualifying farmers and ranchers to deduct 100% of their income.

## AN EXAMPLE OF HOW FEDERAL INCENTIVES WORK

Lynn earns an annual salary of \$50,000. She donated a conservation easement valued at \$1million. She can deduct \$25,000 (50% of her annual salary) in the first year and each year after for 15 years. This results in \$400,000 in deductions over 15 years. If Lynn were a rancher or farmer, she could deduct \$50,000 (her full income) for 15 consecutive years, totaling \$800,000 in deductions.

**More information:**

<https://www.landtrustalliance.org/issues-action/take-action/tax-incentives>

# TAX INCENTIVES OF CONSERVATION EASEMENTS: PART 2

## State Level

New Mexico offers a state income tax credit for landowners who donate conservation easements. This tax credit is through the **New Mexico Land Conservation Incentives Act**.

The maximum tax credit in New Mexico is 50% of the appraised value of the donated easement, with a maximum deduction of \$250,000 per individual. A tax paying landowner has a maximum of 20 years to fully use the tax credit. Alternatively, the tax credit may be transferred (sold) to another taxpayer through a tax credit broker in minimum increments of \$10,000.

## AN EXAMPLE OF HOW STATE INCENTIVES WORK

Eduardo donated a conservation easement appraised at \$250,000. After applying for a tax credit through the Land Conservation Assessment Application, he earns a \$125,000 credit on his taxes, half the value of the easement. Eduardo has 20 years to fully use the tax credit. If he does not need to use the credit, he can sell it to another taxpayer through a tax credit broker. The Rio Grande Agricultural Land Trust can guide you through this process and help with the necessary paperwork.

### More Information:

<http://www.emnrd.state.nm.us/SFD/LandConservationTaxCredit.html>



# TAX INCENTIVES OF CONSERVATION EASEMENTS: PART 3

## Estate Tax

For some families, one of the major advantages of donating a conservation easement is that it helps pass land on to the next generation, by reducing estate taxes. Estate taxes can lead to the land being broken up or sold off, even when families want to keep the land intact. Estate taxes can make it especially challenging for families to hold on to working farm, ranch, and forest land (Resource: Land Trust Alliance)

**A conservation easement can reduce estate taxes in two ways:**

- It reduces the value of the estate to be taxed
- Heirs can exclude 40% of the value of land under conservation easement from estate taxes.

## TAXES ARE COMPLICATED: ASK FOR HELP!

Landowners should note that conservation easements must meet specific criteria to qualify for tax benefits and that the tax implications of their decision will depend on their specific circumstances. Anyone considering a conservation easement is advised to consult with independent, qualified financial and tax advisors.

### **More Information:**

<https://www.landtrustalliance.org/topics/taxes/estate-tax-incentives-land-conservation>



# INTERESTED IN A CONSERVATION EASEMENT ON YOUR LAND?

If you are interested in learning more about conservation easements and are wondering where to start, please contact the  
Rio Grande Agricultural Land Trust at  
505-270-4421.

New Mexico has a number of other valuable resources and organizations that can help you make decisions about your land conservation needs.  
Some of these resources are listed on the following page.



# RESOURCES

Rio Grande Agricultural Land Trust

[www.rgalt.org](http://www.rgalt.org)

[ceciliam@rgalt.org](mailto:ceciliam@rgalt.org)

Land Trust Alliance

[www.lta.org](http://www.lta.org)

Natural Resource Conservation  
Service

<https://www.nrcs.usda.gov/wps/portal/nrcs/main/national/programs/>

-AND-

<https://www.nrcs.usda.gov/wps/portal/nrcs/site/nm/home/>

NMSU Bernalillo County

Cooperative Extension

<http://bernalilloextension.nmsu.edu/>

LandLink NM

<http://www.landlinknm.org/>

US Fish and Wildlife Service

Partners for Wildlife Program

[https://www.fws.gov/southwest/es/NewMexico/PFW\\_home.cfm](https://www.fws.gov/southwest/es/NewMexico/PFW_home.cfm)

NM Association of Conservation  
Districts

[www.nmacd.org/](http://www.nmacd.org/)

Ciudad Soil & Water Conservation  
District

<http://www.ciudadswcd.org/home>

Middle Rio Grande Conservancy  
District

<http://www.mrgcd.com/>

NM Tax Credit Alliance

<http://www.taxcreditalliance.com/>

Grow the Growers

<https://www.bernco.gov/community-services/grow-the-growers-program.aspx>

New Mexico Farmers' Market  
Association

<http://farmersmarketsnm.org/>

Bernalillo County Parks and Open  
Space

<https://www.bernco.gov/openspace>