

Conservation Easements

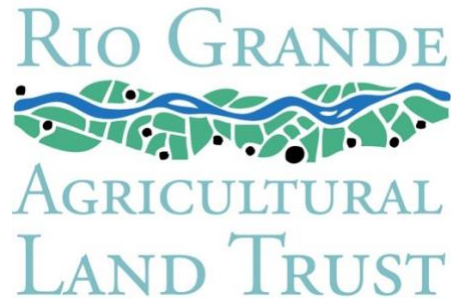
A Tool for Protecting the Lands We Cherish

A Guidebook for Bernalillo County, New Mexico



Created by Rio Grande Agricultural Land Trust
in partnership with Bernalillo County and the Ciudad Soil & Water Conservation District

This guidebook was created by the



The Rio Grande Agricultural Land Trust's mission is to protect land and water for people and wildlife for future generations.

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.

Created in partnership with
Bernalillo County Parks and Open Space Department
Ciudad Soil and Water Conservation District



Count on us.

BERNCO.GOV



Special thanks to Elizabeth Dillow, FreeABQimages.com, Paul Tashjian, Casey Holland, Seth Matlick, Jack West, and other community members for providing their photography for this project!

We cannot afford to lose our farms, ranches, and open spaces. 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.



Image courtesy of Elizabeth Dillow Photography



WHAT IS A CONSERVATION EASEMENT?

A Conservation Easement (CE) is a voluntary, legally binding agreement between a landowner and a qualified land trust created to protect the property from landowner-specified types of development, 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 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, as well as 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

New Mexico's middle Rio Grande is a patchwork of urban and rural communities. With Albuquerque and Bernalillo County in its center, it is the fastest growing region of our state. Agricultural land and natural habitat are threatened by development, limited water resources, drought, climate change 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 protecting irrigated farmland help safeguard the local foodshed and the farms that grow our favorite local fruits and vegetables. They also can 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 from encroaching on these spaces, protecting habitat for migratory birds and wildlife, scenic vistas, open space and outdoor recreation opportunities for people.

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



RIO GRANDE AGRICULTURAL LAND TRUST

PRESERVING LAND IN BERNALILLO COUNTY

The Rio Grande Agricultural Land Trust is the local land trust serving Bernalillo County and the other middle Rio Grande counties. Land trusts are non-profit organizations that are established to protect the land and its resources. The Rio Grande Agricultural Land Trust (RGALT) is a 501c3 non-profit accredited land trust. We serve urban and rural communities by protecting land and water forever through voluntary conservation easements. A conservation easement is a voluntary legal agreement on the part of a landowner which contains permanent restrictions on the use or development of the land. We work with communities and landowners to protect working farms and ranches, wildlife habitat, open space, and scenic vistas for New Mexico's future.

RGALT brings 25 years of experience in providing their specialized expertise in conservation easement development and implementation to Bernalillo County and other middle Rio Grande communities and landowners. RGALT works with partners to protect land and water in New Mexico's most populated and most threatened area. Bernalillo County is home to half of New Mexico's population. Farmland and natural habitat are under tremendous threat due to urban development, loss of agricultural water rights, and drought; yet its location along the Rio Grande, makes it critical for wildlife corridors, local food production, outdoor recreation opportunities, and open space in an urban setting. The farmland along the Rio Grande floodplain provides both wildlife refuge and connectivity, as well as proximity to a large local market for farmers, making it a priority for farmland preservation. 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.



BERNALILLO COUNTY CONSERVATION INITIATIVES

In 2014, voters in Bernalillo County approved the 2014 Open Space Mill Levy, providing approximately \$1.3M 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 the Bernalillo County Greenprint was approved.

The Greenprint identifies priority conservation areas and goals developed through outreach and community input. The goals are to protect water quality in rivers and streams; preserve local farms and ranches; protect wildlife habitat; protect important cultural and historical lands and sites; and provide public access to healthy outdoor recreation.

The Greenprint Vision - *“We cherish our people from all cultures, our wildlife, our land, and our water. Our vision is a county where everyone has exceptional quality of life because our parks, trails, and open spaces connect us to the majestic mountains, diverse forests, flowing rivers, and thriving farms that sustain us.”*



The Bernalillo County conservation initiatives support community-based agriculture, including the conservation of existing agricultural lands through conservation easements. The county is working with the Rio Grande Agricultural Land Trust, the Ciudad Soil and Water Conservation District, and the City of Albuquerque to develop and implement a conservation easement program to forever protect priority lands in the County.

The Bernalillo County conservation initiatives and the Greenprint serve as a guide in implementing the **Bernalillo County Conservation Easement Program (BCCEP)**. The BCCEP brings together diverse partnerships including private individuals, agencies, and organizations to implement the goals of the Bernalillo County Greenprint.



Farmland protected through the Bernalillo County Conservation Easement Program in partnership with RGALT.

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. Another goal of the program is to assist new and young farmers in accessing land. Conservation easements are a tool that can help make land more affordable.



CONSERVING YOUR FAMILY LANDS HOW CIUDAD SWCD CAN HELP!

The Ciudad Soil and Water Conservation District believes 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 and support into the management of our natural 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 Bernalillo County.



CONSERVATION EASEMENT FREQUENTLY ASKED QUESTIONS

Does the landowner still own the land? YES! You can sell it anytime at whatever price the market will bring. The easement does not freeze the value of the property. The easement goes with the land, not with the landowner.

Does the landowner have to donate all the development rights on the property? NO! The landowner decides what type of restrictions they want on the property and can choose how much of their property they want to put in a conservation easement.

Does the landowner have to provide public access? NO! The landowner controls access to the property.

Will the easement interfere with the management of my ranch or farm? NO! The landowner retains full control over property management.

Is the landowner locked into current agricultural or land management practices? NO! The conservation easement does not limit land management practices.

How common are conservation easements? Very common - 61 million acres of land have been protected by local and regional land trusts across the US.

Do I 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.

What about water rights? Agricultural easements require that the water rights remain with the land.



Image courtesy of Paul Tashjian

OTHER THINGS TO KNOW ABOUT CONSERVATION EASEMENTS

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 may be terminated through eminent 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.



FEDERAL TAX INCENTIVES FOR 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 their 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.

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>

NEW MEXICO TAX INCENTIVES FOR CONSERVATION EASEMENT

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.

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:

<https://www.emnrd.nm.gov/sfd/carbon-sequestration-through-land-conservation/apply-for-a-land-conservation-tax-investment-credit/>

ESTATE TAX INCENTIVES FOR CONSERVATION EASEMENTS

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 onto a working farm, ranch, or forestland. (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>



RESOURCES

Rio Grande Agricultural Land Trust

www.rgalt.org; 505-270-4421; cecilia@rgalt.org

Bernalillo County Parks and Open Space

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

Bernalillo County Extension Office

<https://bernalilloextension.nmsu.edu>

Natural Resource Conservation Service

<https://www.nrcs.usda.gov/programs-initiatives/ale-agricultural-land-easements/new-mexico/agricultural-land-easement-program>

Middle Rio Grande Conservancy District

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

Greenprint

<https://www.bernco.gov/community-services/open-space/open-space-hidden-pages/overview-hidden/greenprint/>

Land Trust Alliance

www.lta.org

Ciudad Soil & Water Conservation District

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

Grow the Growers

<https://www.bernco.gov/community-services/open-space/open-space-hidden-pages/grow-the-growers/>

New Mexico Farmers' Market Association

<http://farmersmarketsnm.org/>

NM Energy Minerals and Natural Resource Department

<https://www.emnrd.nm.gov/sfd/carbon-sequestration-through-land-conservation/apply-for-a-land-conservation-tax-investment-credit/>

NM Healthy Soil

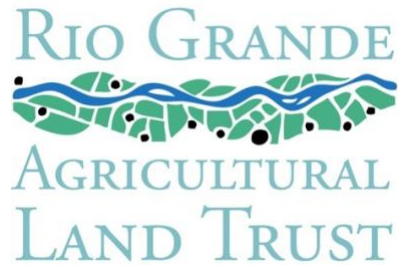
<https://www.nmhealthysoil.org/>

Rio Grande Young Farmers Coalition

<https://www.youngfarmers.org/chapter/rio-grande-farmers-coalition/>

INTERESTED IN A CONSERVATION EASEMENT?

If you are interested in learning more about conservation easements and are wondering where to start, please contact:



(505) 270-4421

info@rgalt.org

www.rgalt.org

Several other valuable resources and organizations are listed on the following page to help you make decisions about your land conservation needs.

