



Federal Tax Benefits

When a conservation easement is donated, it is a tax-deductible charitable gift provided that the easement meets the requirements below:

- a) The easement must be donated in perpetuity (*forever!*).
 - b) The easement must be donated to a qualified organization.
 - c) The easement must be donated “exclusively for conservation purposes” defined by the Internal Revenue Code Section 170(h)(4)(A):
 - i. Public recreation and/or education
 - ii. Significant natural habitat
 - iii. Scenic enjoyment
 - iv. Pursuant to local government policy
 - v. Historic Preservation
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If the conservation easement meets the above requirements, it can help reduce a landowner's:

- ***INCOME TAXES***
- ***ESTATE TAXES***
- ***PROPERTY TAXES***

If the conservation easement is donated according to the above requirements, the landowner, or “donor”, is allowed to deduct 50% of their adjusted gross income - and 100% for qualified farmers and ranchers - and can use the deduction for up to 15 years.

To determine the value of the conservation easement donation, the property is appraised both at its fair market value without the easement restrictions and at its fair market value with the easement restrictions. The difference between these two appraised values is the easement value.

**PLEASE TALK TO YOUR PERSONAL TAX AND LEGAL PROFESSIONAL REGARDING
HOW A CONSERVATION EASEMENT COULD BENEFIT YOU.**



NEW MEXICO LAND CONSERVATION TAX CREDIT

NM has a transferable tax credit for land conservation up to \$250,000

Conservation easement donors can receive State tax credit for their charitable donation.

- Landowners can use the tax credit themselves (\$1 tax liability for \$1 tax credit); or
- Choose to sell credit through a qualified intermediary.

Qualifications:

- Annual tax credit incentive has a maximum threshold of \$250,000/taxpayer/year.
- Amount allowed is 50% of the first \$500,000 of conservation easement value (HB 990).
- Approved land conservation tax credit incentives are fully transferable in increments of \$10,000 or more to another taxpayer through a qualified intermediary.
- Tax credits have a carry forward period of twenty years.
- Donation of an easement must be held by a qualifying conservation agency, RGALT for example.
- Additional details should be discussed with a land trust professional or your financial advisor.

For more information visit:

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