

HOME (/)
ABOUT
JOURNAL (/ABOUT)
MASTHEAD (/NEW-PAGE)
PROSPECTIVE MEMBERS (/PROSPECTIVE-MEMBERS)
SUBSCRIBE (/SUBSCRIBE)
STAFF RESOURCES (/STAFF-RESOURCES)
PUBLICATIONS
PUBLICATION ARCHIVE (/PUBLICATION-ARCHIVE)
VOLUME 1 (2009) (/VOLUME-1-2008-2009)
VOLUME 2 (2010) (/VOLUME-2-2009-2010)
VOLUME 3 (2011) (/VOLUME-3-2010-2011)
VOLUME 4 (2012) (/VOLUME-4-2011-2012)
VOLUME 5 (2013) (/VOLUME-5-2012-2013)
VOLUME 6 (2014) (/VOLUME-6-2013-2014)
VOLUME 7 (2015) (/VOLUME-7-2014-2015)
VOLUME 8 (2016) (/VOLUME-8-2015-2016)
VOLUME 9 (2017) (/VOLUME-9-2016-2017)
VOLUME 10 (2018) (/VOLUME-10-2018)
SYMPOSIUM
INFORMATION (/SYMPOSIUM)
BLOG
FULL BLOG (/FULL-BLOG)
BLOG ARCHIVE (/BLOG-ARCHIVE-1)

SUBMISSIONS (/SUBMISSIONS)

November 21, 2009 (/full-blog/2009/11/conservation-easement-tax-advantages.html)

Conservation Easement Tax Advantages Are Set to Expire (/full-blog/2009/11/conservation-easement-tax-advantages.html)

"Environment" (/full-blog?category=%22Environment%22), "Land Use Planning" (/full-blog?category=%22Land+Use+Planning%22), "Tax" (/full-blog?category=%22Tax%22)

(http://i976.photobucket.com/albums/ae249/jyoungs82/Kentucky%20Visit%20November%202009/IMG_8543.jpg) **The following post was written by staff member Katie Shultz.**



On December 31, 2009, favorable tax deductions for individuals with qualified conservation easements will expire. Farm and Dairy, [Land conservation tax break is set to expire Dec. 31](http://www.farmanddairy.com/news/land-conservation-tax-break-is-set-to-expire-dec-31/13279.html), <http://www.farmanddairy.com/news/land-conservation-tax-break-is-set-to-expire-dec-31/13279.html> (last visited Nov. 16, 2009). A conservation easement is a restriction placed on a piece of property. The Nature Conservancy, [Conservation Easements](http://www.nature.org/aboutus/howwework/conservationmethods/privatelands/conservationeasements/about/art14925.html),

<http://www.nature.org/aboutus/howwework/conservationmethods/privatelands/conservationeasements/about/art14925.html> (last visited Nov. 16, 2009). In executing an easement, a landowner either donates or sells certain rights attached to his or her property whereby a private or public organization then agrees to enforce the landowner's promise not to exercise the rights. *Id.* Such easements are generally seen as favorable in the farming industry because they serve as a protective measure for family farms. Farm and Dairy, [Land conservation tax break is set to expire Dec. 31](http://www.farmanddairy.com/news/land-conservation-tax-break-is-set-to-expire-dec-31), [http://www.farmanddairy.com/news/land-conservation-tax-break-is-set-to-expire-dec-](http://www.farmanddairy.com/news/land-conservation-tax-break-is-set-to-expire-dec-31)

31/13279.html (last visited Nov. 16, 2009). Advocates of easements also tout the added benefit of creating needed cash flow for many in the farming industry. Juan Espinosa, [Rocky Ford, Colo., Farmers Receive Tax Advantages by Conservation Easement](#), The Pueblo Chieftain, June 22, 2002 available at <http://www.encyclopedia.com/doc/1G1-120638712.html>. This cash flow is particularly beneficial in depressed economic times and can help encourage sustainability. From a greater public perspective - these tax benefits provide incentives to a crucial sector in our society as "[a]gricultural producers not only provide the food we eat, but open space, wildlife habitat, and potentially carbon sequestration." Private Landowner Network, [Conservation Tax Provisions making their way through Congress](#), <http://www.privatelandownernetwork.org/plno/taxprovisions.asp?pp=true> (last visited Nov. 16, 2009). In fact, one source indicates that from 2003-2007, over a half million acres have been placed in conservation easements. *Id.*

Currently, the legislation allows landowners to take deductions of up to fifty percent of their adjusted gross income (AGI). Farm and Dairy, [Land conservation tax break is set to expire Dec. 31](#), <http://www.farmanddairy.com/news/land-conservation-tax-break-is-set-to-expire-dec-31/13279.html> (last visited Nov. 16, 2009). This percentage "allows grantors to realize the value of preserved property more quickly." *Id.* Qualified farmers who earn more than half of their income from farming operations are allowed to deduct up to one hundred percent of their AGI. *Id.* The expiring legislation also provides a longer time period for those claiming such deductions. *Id.* Those who have taken advantage of the more favorable legislation have up to 16 years "to carry forward the unused balance(s)." *Id.* Prior to the legislation, only six years was allowed. *Id.* For further information, the IRS released Notice 2007-50 to provide guidance for such deductions. I.R.S. Notice 07-50, 2007-25 I.R.B. (Jan. 4, 2007).

Two bills are currently set before Congress that would extend the aforementioned benefits permanently - HR 1831 (the Conservation Easement Incentive Act) and S 812 (the Rural Heritage Conservation Extension Act). It would obviously be quite advantageous for individuals, particularly farmers and ranchers, interested in placing an easement on their property if such proposals were adopted. Permanency would also lend "legal certainty for those involved in these long term projects." Private Landowner Network, [Conservation Tax Provisions making their way through Congress](#), <http://www.privatelandownernetwork.org/plno/taxprovisions.asp?pp=true> (last visited Nov. 16, 2009).

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