



# Commonly Asked Questions Regarding Land Trusts & Conservation Easements

## What is a Conservation Easement?

A conservation easement is a voluntary, binding legal agreement between a landowner and a qualified conservation organization that 1) identifies Conservation Values (*see below*) on a property and then 2) protects those Conservation Values by restricting non-compatible uses of the property. The landowner retains 100% ownership and use of the property and keeps the right to sell or transfer ownership of the property. Each easement is unique to the parcel it is designed to protect and to the needs of the landowner completing the conservation easement.

## What is a Qualified Conservation Organization?

A qualified Conservation Organization may be a land trust, or a governmental entity or unit.

## What is a Land Trust?

A land trust is a non-profit organization organized as a charitable entity under the laws of the United States, which is qualified to “hold” conservation easements. Land trusts work with landowners on a volunteer basis to establish conservation easements and then continue to verify that the terms of the conservation easements are being enforced in the future. The Rio Grande Headwaters Land Trust (RiGHT) is qualified under IRS standards and the laws of Colorado to “hold” conservation easements.

## What are Conservation Values?

The Internal Revenue Code allows tax deductions for donations of conservation easements on lands that provide one or more of the following “Conservation Values”.

- Scenic enjoyment
- Farmland and forestland (productive values)
- Significant wildlife habitat
- Public recreation and/or education
- Historic preservation

## Why Should I Consider a Conservation Easement?

There are often deep emotions tied to land. Many landowners value the open space, agricultural productivity, wildlife habitat, and historic features that their land provides. It is important to them to keep their land intact. For some it is a life-long goal to be able to pass their land onto the next generation. When communities work together, conservation easements can serve to conserve an entire area with valuable agricultural land, wetlands, river and riparian corridors, scenic viewsheds, etc.

### **What Are the Benefits of a Conservation Easement?**

A conservation easement can be an important financial and estate planning tool. Due to the restrictions placed on the land, the value of the land is reduced, which in turn lowers inheritance taxes. Conservation easements can be a way to continue to use the land and receive potential Federal and State income and estate tax benefits. In Colorado, the donation of a perpetual conservation easement may allow the donor to claim a state income tax credit. Under certain circumstances, the tax credit may allow for a cash refund or may be transferred to a third party. *See RiGHT's "Benefits" sheet for a more complete explanation.*

### **Does a Conservation Easement Require that I Permit Public Access to My Land?**

No. Public access would be written into a conservation easement only at the request of the landowner.

### **What are Some of the Restrictions that are Commonly Included in a Conservation Easement?**

- The right to subdivide or to do extensive building on the property. However, an easement generally permits the construction of new farm buildings and can allow the construction of a carefully located home for family members.
- The right to allow commercial mining, surface or subsurface.
- The right to allow commercial logging.
- The right to separate water rights that are needed to maintain the agricultural, scenic or wildlife Conservation Values.

### **How Long Does a Conservation Easement Last?**

Conservation easements "run with the land", and bind the original owner and all subsequent owners to the easement's restrictions. Only perpetual easements can qualify for income and estate tax benefits. The easement is recorded at the county or town records office so that all future owners and lenders will learn about the restrictions when they obtain title reports.

### **How is the Monetary Value of a Conservation Easement Determined?**

The value of the conservation easement is the difference between the value of the land without any restrictions and the value on the land after restrictions are defined by a conservation easement. A qualified appraiser can determine those values and the difference between the two. When the conservation easement qualifies under IRS regulations, that amount is also usually the value of the charitable donation.

### **For More Information on Conservation Easements:**

- Gather information from the Internet  
RiGHT: [www.riograndelandtrust.org](http://www.riograndelandtrust.org)  
Colorado Coalition of Land Trusts: [www.cclt.org](http://www.cclt.org)  
Land Trust Alliance: [www.lta.org](http://www.lta.org)
- Talk to landowners who have conservation easements
- Meet with the staff at RiGHT