



State Policy Alert

April 22, 2009

Tax Credit Threatened by State Budget Battle

Last week, we sent you an alert describing the state's dire budget situation and the potential risk to the conservation easement tax credit. We asked you pay attention to news reports and to contact your legislators (those that are already strong advocates of the program) and remind them of just how critical the program is.

That time is now. The Senate and the House of Representatives continue to struggle to balance the budget. They have already made dramatic cuts to other critical programs, and a complete or partial moratorium on the conservation easement tax credit continues to be mentioned as a possible fix. In particular, Rep. Mike May (R-Douglas County) and Senator Jack Pommer (D-Boulder County) are floating a proposal and possibly a bill that would eliminate the easement tax credit program so that they can restore a property tax exemption for seniors.

4/21/09, The Examiner. [Colorado Lawmakers might restore senior tax break.](#)

4/21/09, Summit Daily News. [Budget Committee backs plan to protect higher ed.](#)

4/17/09, The Denver Post. [Lawmakers struggle for ways to salvage senior property tax exemption.](#)

We have come to the point where personal relationships really matter. **Please contact your legislator NOW and remind them of just how critical this program is.** Please send an email and make a phone call. Talking points are below. We already owe a great round of thanks to Senators Isgar, Penry, and White and Representatives Curry and Looper. If these are your representatives please send them a special thank you for supporting the program. Contact info for legislators is on the [Colorado General Assembly Home Page](#). Legislators are in a real bind with the budget and they need to hear from their constituents who value this program. If you don't know who your legislator is, you can look it up at [Project Vote Smart](#).

CCLT will be giving a briefing on the program to the Joint Agriculture Committee today (12 noon in House Committee Room 0107, although the briefing will be delayed until 1:30 if the House and Senate do not adjourn by this time). If you are within reasonable driving distance, please consider joining us to show your support for the program. You can also listen to the broadcast live via [Live Legislative Audio](#). Contact greg.yankee@cclt.org to coordinate.

Talking Points

Our messages relate to the impact the program has on the state budget and family finances. We all know the great merits of the program, but that doesn't matter as much in the current debate. Legislators need to hear how this program affects jobs and family finances.

- Agricultural and rural economies are really hurting, and this program gives farmers and ranchers the money to put food on the table and buy equipment, stock, and materials to support the local rural economy.
- It is critical to realize that hundreds of farmers and ranchers made a permanent commitment to restrict their land based on the state's promise of the conservation easement tax credit. These individuals based their financial futures on this program and eliminating it would interrupt many credits and transactions already in the pipeline.
- Now that reforms are in place, the annual cost of the program will decrease dramatically. The Colorado Division of Real Estate estimates that the 2008 costs will be a maximum of \$45 million. This is much less (50%) than the high numbers seen in the past because past numbers included fraud and abuse. The state is aggressively pursuing the fraud and abuse (committed by a few bad actors who cost the state as much as \$100 million from 2003-2008) and will collect revenue back.

Background on the Tax Credit Program

- The tax credit has helped thousands of landowners across Colorado conserve farms and ranchland, scenic and historic areas, wildlife habitat, and unique natural areas that would have otherwise been lost forever to development. Conservation easements have preserved over 1.5 million acres across the state!
- While the tax incentives for landowners offer only a fraction of what they would get for the outright sale of the property, it allows some of these cash-poor but land-rich

farmers and ranchers to preserve their family traditions and Colorado's agricultural heritage.

- Conservation easements allow for the preservation of more land for far less money than would be needed to purchase these areas outright.

- The tax credit is a critical tool that helps to stretch other conservation dollars further. For example, in 2008, the Colorado Cattlemen's Agricultural Land Trust leveraged \$4 in public and private funds for every \$1 in credits.

- Preserving working farms and ranches and other scenic open spaces directly supports two of our state's three top industries - tourism and agriculture.

- Comprehensive reforms in 2007 and 2008 legislation increased accountability and oversight of the program by:

- (1) Requiring state certification of land trusts and government entities;
- (2) Review and accountability of conservation easement appraisals;
- (3) Increased public transparency and coordination between state enforcement agencies;
- (4) Creation of a Conservation Easement Oversight Commission to advise the agencies on enforcement and regulation of the program.