

The Mission of the Colorado Coalition of Land Trusts is to promote and support land conservation excellence in Colorado through leadership, advocacy, education and outreach.

House Bill 1353

Increasing accountability and oversight of conservation easement tax credits

HB 1353 will increase accountability and oversight of the state's conservation easement tax credit program through five main components.

1. Increase accountability for conservation easement appraisals

Appraisers are required to submit conservation easement appraisals to the Colorado Division of Real Estate. The appraisals will be accompanied by an affidavit signed by the appraiser noting certain requirements have been met. The Division will review the information and the Board of Real Estate Appraisers will impose suspensions or other penalties if the Division finds wrongdoing. The Board also will establish education and experience requirements for all appraisers who complete a conservation easement appraisal for a state income tax credit.

2. Certify conservation easement holders (i.e. state, local governments and land trusts)

The Division of Real Estate and a newly formed Conservation Easement Oversight Commission will develop a certification program for entities that hold conservation easements. The Commission will establish qualifications for certification and will review at an entity's process for approving an easement, its system of governance and its financial stability. Only landowners who work with a certified entity can qualify for the tax credit.

3. Strengthen oversight and enforcement of the state tax credit

The Department of Revenue will be authorized to share information with other state agencies that have relevant expertise, as well as with the Conservation Easement Oversight Commission, to ensure that it has the resources to address any concerns about information contained in a tax credit application. Taxpayer confidentiality will be maintained.

4. Create a Conservation Easement Oversight Commission

This Commission will advise the Division of Real Estate and Department of Revenue and, along with the Division of Real Estate, administer the easement holder certification program. The Commission will have nine members with representatives from: Great Outdoors Colorado, the Colorado Department of Natural Resources, the Colorado Department of Agriculture, a local land trust, a state or national land trust, a local government open space or land conservation organization, an historic preservation group, a certified general appraiser with conservation easement experience and a landowner who has donated a conservation easement.

5. Create a one-year holding requirement

Mirrors the IRS limitation on the value of a qualified conservation contributions for property held less than one year.

Conservation Easement Program Background

Conservation Easements

Conservation easements are the primary land preservation tool in Colorado, accounting for more than two-thirds of all conserved land in the state. They have been used to protect over a million acres of private land across Colorado from development just in the last decade.

Conservation easements are sold or donated by private landowners to nonprofit or governmental entities to guarantee that a parcel of land will never be developed. Property owners may continue using their land as they have been but give up specific rights, such as the right to develop or subdivide.

There are hundreds of conservation easements around Colorado that have protected farms and ranchland, scenic and historic areas, wildlife habitat and unique natural areas that otherwise could have been lost forever to development.

The financial incentives for landowners offer only a fraction of what they would get for the outright sale of their property. As a result, conservation easements provide a cost-effective way for the state to protect land from development and protect Colorado's agricultural traditions.

Many families with conservation easements have farmed or ranched their property for generations and use the easements to continue their family tradition.



*Irby Ranch
Conservation Easement*

Courtesy John Fielder

Accountability and Transparency

The Colorado land conservation community has been at the forefront of identifying ways to strengthen accountability and transparency in the easement program.

The drafting of **HB 1353** was guided by the Colorado Conservation Easement Tax Credit Task Force, led by Representative Alice Madden and Senator Jim Isgar. The task force, which met in late 2007, included legislators, landowners, state and local officials, and land trusts. The task force worked to supplement reforms enacted last year in HB07-1361, which increased the standards, transparency and accountability for conservation easements. HB 1353 will provide another layer of assurances that landowners and land trusts or other holders of conservation easements are appropriately protecting property and accurately assessing the value of conservation.

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