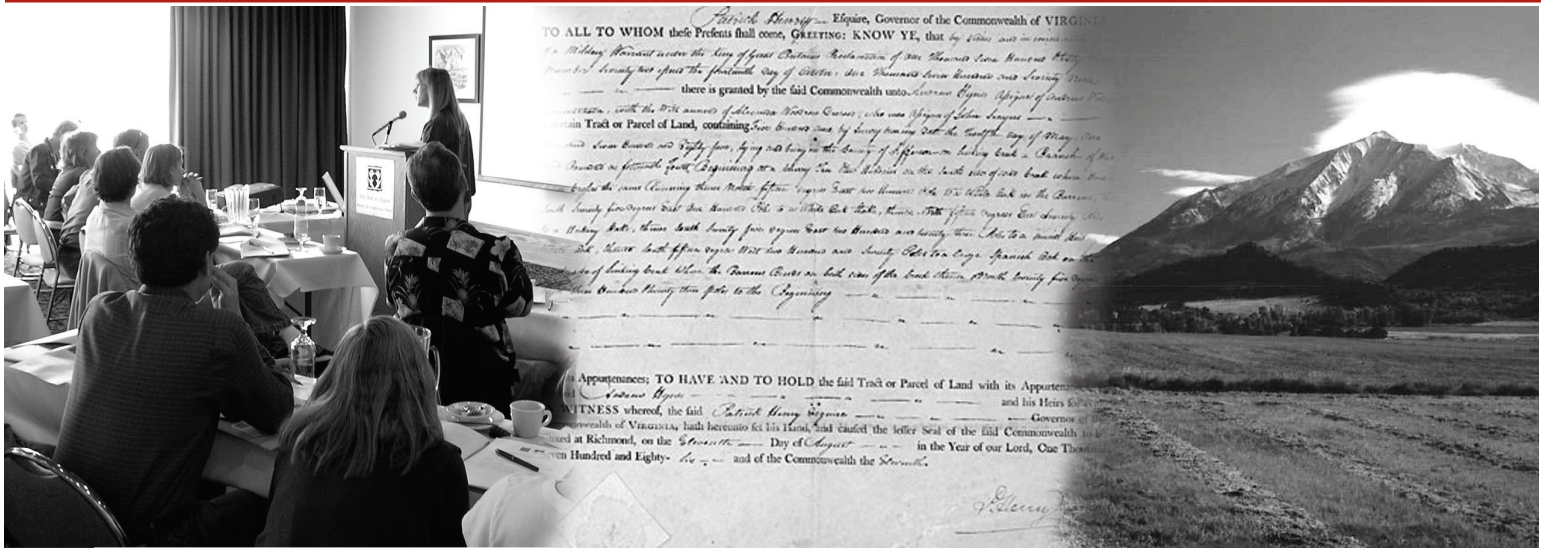


Colorado conservation tax credits



In response to citizens' concern over the loss of open space in Colorado, the General Assembly passed a series of laws giving income tax credits to landowners who donate qualified conservation easements. Qualified easement donors may claim a tax credit worth 50% of the value of the easement donation, up to a maximum credit of \$375,000. Tax credits may be used against the easement donor's state tax liability and carried forward for up to 20 years from the date of donation.

Taxpayers without enough income tax liability to make use of these credits may benefit by selling all or part of their credits to other Colorado taxpayers. This creates a cash incentive for conservation easement donations. The rates vary by broker and closing date, but landowners can generally expect to receive about 80-85% of the value of their credit through a sale. Aspen Valley Land Trust will attempt to help its clients sell their tax credits at a favorable rate. Sellers are encouraged to register with tax brokers as soon as possible as the credits are usually sold on a first-come, first-sold basis. The deadline for selling Colorado tax credits is April 15 of the year following the donation. Tax credits sold on or before April 15 may be applied to the previous year's tax bill.

Federal tax deductions

Congress expressed its support of voluntary private land conservation in 1976 when it provided tax benefits for donations of conservation easements. Qualified conservation easement donors are eligible for recently-expanded federal tax deductions. Landowners may deduct the value of their easement up to 50% of their adjusted gross income per year for a maximum of 16 years, until the entire value of the donation has been deducted. Farmers and ranchers whose gross income from farming is more than 50% of their total income for the year may deduct up to 100% of their income for a maximum of 16 years. Currently, these federal benefits apply to 2009 easement donation only.

Landowner education

AVLT hosts a conservation easement education seminar annually. There landowners can learn about the latest conservation easement laws and tax changes, and meet attorneys, accountants, and real estate professionals who work with conservation easements. Look for registration information in our annual report and on our website at www.avlt.org.

This information is provided as a general description of tax incentives available for qualified conservation easement donations. Persons interested in pursuing a conservation easement or purchasing Colorado tax credits should seek professional tax and legal advice. Please note that the sale of Colorado conservation credits creates taxable income.