



Purchasing Colorado Conservation Tax Credits

Colorado taxpayers can promote the preservation of open space by purchasing conservation easement tax credits. These credits can be purchased from conservation easement donors and used as payment in lieu of state taxes. This creates a win-win situation where the easement donors receive compensation and the credit buyers facilitate conservation simply by paying their tax obligations to the donor rather than the State.

History:

In response to citizens' concern over the loss of open space in Colorado, the General Assembly in recent years passed a series of laws giving landowners who donate conservation easements tax credits that are transferable and can be sold for cash.

How it works:

Landowners who make a qualified donation receive Colorado tax credits of 50 percent of the value of their donation, up to a maximum of \$375,000. (The value of the donation is the difference between the appraised value of the land before a conservation easement and the appraised value after a conservation easement is placed on the land.)

Many taxpayers, particularly ranchers, do not have the income level needed to use the tax credits. By selling their tax credits to individuals or corporations with state tax obligations, the landowners receive cash incentives for their conservation easement donation. By purchasing conservation tax credits, taxpayers can encourage voluntary private land conservation while saving money on their taxes.

Timing:

The deadline for purchasing tax credits is April 15, 2008. Tax credits purchased on or before this date may be applied against 2007 state income tax liability. The minimum credit that may be purchased is \$50,000, and credits may be carried forward for up to 20 years.

tax credits

This information is provided as a general description of how to encourage conservation through the purchase of Colorado tax credits. Persons interested in pursuing any of the tax credits discussed above should seek professional tax advice.