

# Land Preservation Credit



# **Virginia Department of Taxation**

## **Virginia's Land Preservation Tax Credit**

*Presented to:*

**Senate Committee on Agriculture, Conservation and Natural Resources**

**And**

**House Committee on Agriculture, Chesapeake and Natural Resources**

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# Virginia's Land Preservation Tax Credits

- The Virginia Land Conservation Incentives Act of 1999 grants significant financial incentives to landowners to permanently protect the conservation value of their land.
- A donor can receive a state income tax credit equal to 40% of the fair market value of the donation.
- The tax credit can be used to offset the donor's Virginia income tax liability up to \$100,000 per taxpayer in any one year.

# Virginia's Land Preservation Tax Credits

- Unused tax credit may be carried forward for 10 years.
- The Virginia Land Conservation Incentives Act was amended in 2002 to allow the transfer of unused tax credits.
- Donors can sell their tax credits to individual and corporate Virginia taxpayers.
- \$100,000 million annual statewide cap on tax credits issued (indexed to CPI).

# Statewide LPC CAP

**Tax Year**

**CAP AMOUNT**

**2007**

**\$ 100,000,000**

**2008**

**\$ 102,287,081**



# What type of donations qualify?

*Code of Virginia § 58.1-512 C. 2*

*Qualified donations shall include the conveyance in perpetuity of a fee interest in real property or a less-than-fee interest in real property, such as a conservation restriction, preservation restriction, agricultural preservation restriction, watershed restriction, provided such less-than-fee interest qualifies as a charitable deduction under § 170 (h) of the U.S Internal Revenue Code.*



# Qualifying Donations

- Fee Simple
- Conservation Easement
- Bargain Sale
  - State or Local Governmental Agency
  - Private Conservation Organization
  - Local PDR Program
  - Open Space Lands Preservation Trust Fund



# How Much Tax Credit Do I Get for My Donation?

- The donor receives tax credits equal to 40% of the Fair Market Value (FMV) of the donation.
- The value of a conservation easement is generally equal to the FMV of the land immediately before the donation and the FMV immediately after the donation.
- The FMV must be supported by a “*Qualified Appraisal*” prepared by a “*Qualified Appraiser*”.

# Donation History Data

Tax Year	# of Credits	# of Acres	Credit Requests
2000-01	219	30,953	\$ 52,608,810
2002	214	34,791	\$ 62,260,307
2003	139	28,059	\$ 75,358,707
2004	234	49,235	\$140,444,145
2005	277	55,914	\$155,281,875
2006	445	92,487	\$242,316,354
2007	254	59,423	\$100,000,000
2008	46	11,198	\$ 20,671,957
<b>Grand Total</b>	<b>1,828</b>	<b>362,060</b>	<b>\$848,942,155</b>

Through September 2008



# Transfer History Data

Tax Year	#of Credits	# of Recipients	Amt Transferred	% of Total
2002	165	1,792	\$ 51,197,877	82%
2003	112	1,845	\$ 69,375,269	92%
2004	250	3,050	\$122,889,373	88%
2005	237	2,385	\$135,335,369	87%
2006	394	4,117	\$213,463,030	88%
2007	180	1,480	\$ 63,644,775	64%
2008	20	88	\$ 7,847,261	38%
<b>Grand Total</b>	<b>1,358</b>	<b>14,757</b>	<b>\$663,752,954</b>	<b>83%</b>

Through September 2008



# LPC Claimed on Returns Data

Tax Year	# of Returns	Amount Claimed
2000-01	460	\$ 6,462,912
2002	440	\$ 5,641,730
2003	1,324	\$ 32,447,053
2004	3,818	\$ 94,935,497
2005	5,548	\$ 114,444,104
2006	7,556	\$ 169,056,389
2007	5,222	\$ 90,327,518
<b>Grand Total</b>	<b>24,368</b>	<b>\$ 513,315,203</b>

\*Through September 2008



# Where are donations being made?

## Number of Donations

Locality	# of Donations	Acres	Credit Value
Fauquier	184	36,348	\$104,564,430
Albemarle	166	39,932	\$108,973,227
Loudoun	155	20,279	\$144,003,872
Rockbridge	106	19,183	\$ 19,595,771
Rappahannock	79	14,230	\$ 22,240,509
Clark	58	6,846	\$ 16,761,941
Augusta	55	9,151	\$ 8,642,752
Orange	48	12,246	\$ 18,622,999
Accomack	38	6,916	\$ 15,403,077
Madison	37	8,114	\$ 9,911,804
Montgomery	34	6,152	\$ 6,912,477

# Where are donations being made? Dollar Value

Locality	# of Donations	Acres	Credit Value
Loudoun	155	20,279	\$144,003,872
Albemarle	166	39,932	\$108,973,227
Fauquier	184	36,348	\$104,564,430
New Kent	2	2,688	\$ 24,706,836
Rappahannock	79	14,230	\$ 22,240,509
Spotsylvania	15	2,291	\$ 22,026,660
Rockbridge	106	19,183	\$ 19,595,771
Orange	48	12,246	\$ 18,622,999
Fredericksburg	5	190	\$ 17,973,250
Bath	36	11,659	\$ 17,041,025
Clarke	58	6,846	\$ 16,761,941