

Tax Incentive Benefits Communities Across America

by Anne Garnett

As Exchange went to press, the Alliance-led coalition to make the tax incentive permanent was in full swing on Capitol Hill. For the latest news, and to see the champions of this work, go to www.lta.org.

Neighbors and at least three Connecticut bobcats are grateful to Edith and Robert Kostas for donating a 72-acre conservation easement on their New Milford woods. The Kostas' gift to the Weantinog Heritage Land Trust permanently protects more than a quarter-mile of the West Aspetuck River, one of the few remaining Class AA-designated drinking water sources in the state (the highest possible rating), and preserves a large forest block, termed a legacy forest, in a rapidly devel-

opment. One neighbor is motivated to conserve their land, then hears about and takes advantage of the incentive, and then shares his experience with his neighbor. Suddenly, two other neighbors are really interested. That is the contagious joy of land conservation coupled with the powerful impact of the federal incentive.

Protecting the Ranch

Developers are closing in on America's rural lands. Every minute of every day, our nation loses two acres of land to developed uses. That adds up to two million acres of rural land each year, more than half of which is agricultural land. Cattle rancher Dennis Moroney has been witnessing the impact firsthand in McNeal, Arizona.



Gregg Marrs

oping landscape in northwestern Connecticut.

"A lot of landowners tell us that they intend to protect their land some day. The list is a mile long," said ecologist Harry White of the land trust. "The federal tax incentive that was passed in 2006 was a major catalyst to motivate landowners to 'just do it'—and do it now. The Kostas' decision is an excellent example of a terrific couple who just did it."

Weantinog Heritage Land Trust added 970 acres of new preserves in northwestern Connecticut in 2007, mostly as a result of the catalytic impact and ripple effect of the tax in-

FARMERS AND RANCHERS HAVE GREATLY BENEFITED from the federal tax incentive. It has "allowed people of more modest means a fighting chance of receiving some benefit for their generosity to future generations," says Susan Lackey, Washtenaw Land Trust (MI). Photo courtesy of the Wyoming Stock Growers Agricultural Land Trust.

"Conserving our nation's working lands is increasingly important. My family has recognized this for some time," says Moroney. When he heard that the new incentive especially benefits farmers and ranchers, he knew the time was right to place a conservation easement on his ranch, The 47 Ranch, with the Arizona Open Land Trust in 2007.

The new incentive allows Moroney's family to realize a more stable economic future because the law raises the deduction a donor can take from 30 percent to 50 percent and allows qualifying farmers and ranchers to deduct up to 100 percent of their income. Moroney also notes that the law allows a landowner to carry forward any unused deduction for 15 years, instead of the previous 5-year limitation.

Moroney's working ranch borders Mexico and New Mexico in the Hay Mountain watershed in Cochise County. The 960-acre conservation easement helps to keep the ranch intact

and the land in agricultural production, and protects a vitally important water resource, the Whitewater Draw. The Whitewater Draw is southern Arizona's most important waterway east of the San Pedro River and is a winter stopover for more than 100 species of migratory waterfowl, including sandhill cranes.

The cattle on The 47 Ranch share the land with endangered species such as the Chiricahua leopard frog, lowland leopard frog, Cochise pincushion cactus, jaguar, lesser long-nosed bat, northern aplomado falcon, ocelot, black-tailed prairie dog and Gould's turkey.

Perhaps most important to the Moroneys is that the easement will allow the working ranch to be passed on to either their children or to farmers and ranchers just starting out. Moroney exclaimed, "That's huge—because the biggest unknown today is: Who's going to do the farming and ranching; who's going to provide food for this country in the coming generations? Young people are directly competing with real estate developers for control of the land."

Though the law only applies to conservation easements donated in 2006 and 2007, Moroney says he's hopeful Congress will see the lasting benefit to farmers and ranchers and make the incentive permanent.

Protecting the Farm

Retired Queen Anne's County, Maryland high school principal Bill Darling, Sr. says the federal conservation tax incentive was also the answer to his prayers.

Darling says that population in Maryland's Eastern Shore is "exploding" and 300- to 400-house subdivisions are routinely being built on what had been farmland in the highly vulnerable Chesapeake Bay watershed. Growing up on his family's 150-acre dairy farm east of Sudlersville, farm life was the norm. Out of 25 kids in his grade-school class, 20 lived on farms. Today, passing those farms along or keeping them in the family is a major challenge, largely due to increased land prices and corresponding property taxes.

Farmers can never use developed land for food production again. That was something that recently hit the Darling family too close to home.

When Darling's father died, the family's 150-acre farm was divided among Darling and his two siblings. Trinity Farm, Darling's 50-acre parcel, consists of pasture and woodlands located within the Unicorn Branch watershed, a tributary of the Chester River. The farm also harbors vital habitat for forest interior birds, a habitat rapidly disappearing in Maryland and the Eastern United States. Forest birds are valued for their beauty, distinct songs and, for the migrants, the wonder of their



RANCHER DENNIS MORONEY on his land, The 47 Ranch, in Arizona. The tax incentive helped Moroney realize his dream of protecting the ranch with a conservation easement.



ENDANGERED CHIRICAHUA LEOPARD FROG calls The 47 Ranch its home.

seasonal journeys. This diverse group includes colorful songbirds—tanagers, warblers, vireos—that breed in North America and winter in the Caribbean, Central and South America, as well as residents and shorter-distance migrants such as woodpeckers, hawks and owls.

Trinity Farm is now a poultry operation managed by Darling's son, Bill, Jr. Father and son recently formed an LLC and took out a hefty Farm Credit loan to restore and build chicken houses. While the farm is productive, it won't truly be a thriving business until the loan is paid. In order to pay taxes, pay off the loan and keep the farm productive, Bill Darling, Sr. explored his options with his tax advisor and John Hutson, eastern region planner and easement program manager at the Maryland Environmental Trust.

The Darlings were faced with either having to refinance or sell the farm. The new federal tax incentive, with its enhanced benefits for qualified farmers, provided an alternative.

By donating a conservation easement on the farm to the Maryland Environmental Trust and qualifying for the enhanced 100 percent tax benefits, Bill and his son can pay the taxes, repay the loan, and continue to operate the farm. The 15-year carry-forward provision spreads the donation value of the development rights and abates the Darling's income taxes.

His strong desire to continue farming and keep the farm and woodlands in the family for generations to come convinced Darling that donating a conservation easement was the right way to go.

Not only is the Darling family's farming legacy secure, but America's 71.2 million¹ wildlife watchers can rest easy knowing an integral link in the Atlantic Flyway is protected.

The Pace Increases

One person who is not resting easy is Nick Williams, director of the Maryland Environmental Trust. He's too busy.



FOUR GENERATIONS OF DARLINGS have farmed their land, and when William Roger Darling III finishes school, he will become the fifth generation. Pictured is Bill Darling, Sr. with son Billy (William Roger Darling, Jr.).

“In 2006, the Maryland Environmental Trust accepted 34 easements on 3,185 acres. In 2007, after all projects were completed, we had 56 easements on 4,806 acres. There are a few purchased ones, but the great majority is donated. We believe that the increase is largely attributable to the new federal benefits,” said Williams.

Like the Weantinoge Heritage Land Trust, Arizona Open Land Trust and Maryland Environmental Trust, land trusts around the country are experiencing an unprecedented surge in land conservation due to demand generated by the incentive.

According to Ohio’s Western Reserve Land Conservancy, the incentive provisions have been instrumental to its conservation work. In 2006, they completed 12 donated easements on 803 acres. In 2007, they closed 32 donated easements resulting in 4,119 newly conserved acres. In effect, the conservancy completed nearly three times as many donated easements in 2007 and saved five times as many acres than the previous year.

South Carolina is experiencing a land conservation boom. The Congaree Land Trust in Columbia closed on 20 conservation easement projects. Executive Director Jane Clarke reports, “After completing these easements, we more than doubled 15 years’ worth of acreage in one year. We have never had so much to work on. The best thing about it from my perspective is that it has made us pickier and we have unbelievably high-quality projects.”

Marian Brailsford, executive director of the Edisto Island Open Land Trust weighed in: “What a year! In light of closing five times as many conservation easement donations in 2007, as compared with previous years, we are evaluating the total amount of funds available for stewardship and legal defense of all our protected lands in South Carolina.”

Nowhere is the incentive having more impact than in the West. Land trusts in Wyoming and Montana, especially those working to protect rangelands, report huge conservation gains.

“The legislation increasing the tax incentives for conservation easements has had a large impact on land conservation work in Wyoming,” said Glenn Pauley, executive director of Wyoming Stock Growers Agricultural Land Trust. In 2006, his land trust completed conservation easements on 46,000 acres of ranchland. “We added another 14 conservation easements on 18,500 acres of land by the end of 2007. This is close to a tripling of conservation numbers completed when compared to previous years,” he added.

Montana Association of Land Trusts Director Glenn Marx concurs. “It is exciting to see the landowner awareness and interest in the federal conservation tax incentives, and even more exciting to see that the incentives are working exactly as intended—traditional farm and ranch families in Montana are



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INDIGO FARMS, conserved by the Edisto Island Open Land Trust (SC).

partnering with land trusts to protect valuable open lands, help maintain rural communities, and provide some financial stability to agricultural producers.”

Mark Robinson, executive director of the Compact of Cape Cod Conservation Trusts, reports that his local land trusts typically complete about 12-15 donated conservation easements each year in its one Massachusetts county. In 2007, they did 42.

“This is a significant increase and clearly driven by the enhanced tax benefits available in 2007. Let’s hope the

incentive will be extended or even better, made permanent. A lot of good private land conservation is happening as a result,” said Robinson.

Many leaders credit the Land Trust Alliance for quickly providing information and generating media coverage to alert land trusts, landowners and advisors about the incentive, but the biggest credit goes to the diverse coalition of western ranchers, sportsmen and conservation groups that spearheaded the drive toward enactment. Indeed, the idea of the increased tax incentive came first from Rock Ringling and Bill Long, managing directors at the Montana Land Reliance.

A Campaign to Spread the Word

When the 2006 Pensions Protection Bill, which contained the tax incentive, was signed into law on August 12, 2006, the Alliance launched a comprehensive national outreach effort designed to help land trusts and landowners maximize the promise of the incentive to increase the pace of land conservation throughout America. A solid corps of more than 50 land trust leaders guided the campaign every step of the way, and well over 200 additional land trusts shared their stories.

A radio interview launched the campaign to educate farmers and ranchers. The conversation with fifth generation California cattle rancher Darrell Wood, former board chair of the California Rangeland Trust, was heard by 5.8 million during the fall 2006 agriculture media radio tour. Wood stressed the importance of working rangeland conservation and the extraordinary benefits of the new incentive for farmers and ranchers.

Over 75,000 post-cards, with five distinct versions, and the *Conservation Tax Law Update* brochure were created in time for Rally 2006.

HOW HAS THE INCENTIVE impacted your organization, apart from obvious benefits of increased land conservation? Share your experiences and reflections on how your organization has been strengthened as well as challenged by the enhanced incentive. Contact csoto@lta.org.

Local and regional papers announced the incentive in early fall 2006; stories about the benefits of land conservation and the new incentive soon followed in the national press. In February 2007, *The Wall Street Journal* ran “Tax Breaks with a View,” using the Alliance’s source materials. “Living on Easement Street” was published in the March 2007 issue of *The Furrow*, the John Deere corporate magazine. Believed to be the most widely read farm magazine in the world, the issue was seen by 1.5 million readers.

Much of the Alliance’s outreach to agricultural landowners was made possible by a generous grant from the W.K. Kellogg Foundation. By April 2007, the outreach to farmers and ranchers included print ads, direct mail, a dedicated webpage, television public service announcements, published articles in agricultural and mainstream media, and a series of radio interviews. Alliance staff attended the annual *Agriculture Media Summit* in Louisville, Kentucky, in early August to pitch the story to the nation’s leading agricultural reporters and publications.

Quarter-page ads ran sequentially for four months in popular farm and ranch magazines, such as *American Agriculturalist*, *Farmer-Stockman* and *Wallace’s Farmer*, which together reach two million people. Articles and announcements appeared in more than 30 magazines read by farmers, ranchers and their advisors; and a companion direct-mail effort generated 280 qualified landowner referrals for land trusts.

An eight-interview radio series aired on the National Association of Farm Broadcasters’ 2,000-station network and spot-lighted ranchers in Montana and Arizona, and farmers in Illinois, Michigan, Connecticut and Maryland.

Josh Wunsch, an innovative cherry farmer in Michigan’s Old Mission Peninsula, told the story of how he protected his farm with the Peninsula Township Farmland Protection Program in partnership with the Grand Traverse Regional Land Conservancy. Wunsch’s hand-picked dark, sweet cherries from his conserved land were served at the National Governor’s Conference held in Traverse City in July 2007. They provided a tasty reminder of why governors should support land conservation, especially because the federal incentive helps to leverage limited state and local open space and agriculture protection dollars.

A television story on Farm Journal Media’s rural satellite station “AgDay Television” ran in December and another aired on RFD-TV’s “*This Week in Agribusiness*” in August. Related

30- and 60-second PSA segments ran from September to November.

If you want to hear and watch these radio and TV stories visit the Alliance’s special webpage for farmers and ranchers at www.lta.org/farmersandranchers, the one-stop destination for land conservation resources, sample materials and copies of interviews, television ads and published stories—all relating to the tax incentive.


Working for Permanence

What these stories from around the country show is that the federal tax incentive for conservation is working.

More land and natural resources are being protected than ever before. This means more people in more communities will have fresh local food, clean drinking water, clean air, wildlife habitat, and open spaces. And more farmers and ranchers have been able to keep hold of the land that supports their way of life, and have the chance to pass it on to their families. The incentive has been phenomenally successful in motivating permanent land conservation. Now, the incentive must itself be made permanent.

The demand is out there. With more time, many land trusts could have completed conservation transactions that would have saved that many more special places in the country. The Headwaters Land Conservancy in Michigan is one of those. If the conservancy had been able to close all the easements it was working on at the end of 2007, over 7,000 acres would have been added to its total easement holdings.

“As people became aware of the tax savings they might recognize and called us, we had to

tell them that we can’t possibly close on their easement donation in 2007,” said Brian Creek, director of development. However, if the incentive is made permanent, Creek observes that “This piece of legislation may be the single biggest protector of private property from future subdivision ever.” 

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1 2006 National Survey of Fishing, Hunting & Wildlife-Viewing Recreation, National Overview, USFWS May 2007



Print ad created for the outreach campaign / Photo courtesy of Harlen Persinger

What will be on your land tomorrow?

**Time’s running out on productive land.
And on major tax savings for conserving it.**

This is the year to set up a voluntary conservation agreement, to keep your working farm or ranch in active production for your lifetime and future generations. After 2007, enhanced conservation tax savings expire. Help save the future of your land, your community and America’s food and natural resources. **To get started, call 1.800.000.0000 or visit www.lta.org/farmersandranchers.**

 **Land Trust Alliance**
Together, conserving the places you love