



Virginia Outdoors Foundation

The State Tax Credit for Easement Donors

Virginia Land Conservation Incentives Act of 1999

Amending Chapter 3 of Title 58.1 of the Code of Virginia to add sections 58.1-510—58.1-513

What does the law do?

This Act enables landowners who donate conservation easements to a qualifying public agency (such as the Virginia Outdoors Foundation) or a private conservation group to use a portion of the value of that gift as a state tax income credit.

Amount of tax credit:

- The tax credit can be claimed for an amount up to 40% of the fair market value of the gift. The value must be substantiated by a qualifying appraisal, as defined under federal laws regarding charitable contributions.
- The credit used in any one year cannot exceed the amount of the tax due up to \$100,000, but may be carried forward for ten years.
- Excess credits can be sold to other Virginia taxpayers. The Virginia Department of Taxation will charge a 2% fee on transfers.
- Effective January 1, 2007, land preservation claimed tax credits exceeding \$1 million must receive advance certification by the Virginia Department of Conservation and Recreation. Additional conservation measures are required for easements claiming an excess of \$1 million in tax credit value.
- A statewide cap of \$100 million has been applied to the total amount of tax credit available to the public.

What are the eligibility requirements?

- Donations must be made to a Virginia governmental body or a private, non-profit group organized as a public charity under U.S. tax laws and capable of holding interests in land for conservation purposes in Virginia.
- The donated land must be protected in perpetuity and serve agricultural or forestal use, open space, natural resource, and/or biological diversity conservation, watershed, or historic preservation purposes.
- This credit applies to “Virginia taxpayers”, both individuals and corporations.

Benefits to the landowner:

- Reduces or eliminates state income tax liability.
- If the landowner cannot use all of the credit, it can be sold or transferred to another Virginia taxpayer.
- Helps make donating a conservation easement more affordable; encourages private landowners to voluntarily protect important lands in Virginia.
- Underscores Virginia’s continued commitment to the policy that easements are a benefit to all citizens of the Commonwealth.

Use Virginia Tax Form LPC and see your tax advisor or consult Section 58.1-513 of the Code of Virginia for more information.