



**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 the easement value. The income from the sale of the tax credits is subject to taxation.
- 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 restrictions may be required for easements claiming an excess of \$1 million in tax credit value to meet adopted review criteria
- A statewide cap of \$100 million has been applied to the total amount of tax credit available to the public, which cap will be increased annually based on increases in the consumer price index pursuant to Section 58.1-512 D.4.b.

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 forestall 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. The income from the sale of the tax credits is subject to taxation.
- 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 conservation 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.