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Federal Tax Incentives Available for Conservation Easements

Honigman has successfully assisted clients with conservation easements and related land use programs, especially with relation to the extended federal tax incentives for conservation easements. The extension means that the incentives will be effective through December 31, 2011 (efforts are underway to extend the incentives again).

The increased incentives were initially expanded in 2006 and provide for the following:

The maximum deduction a donor of a conservation easement can take increased from 30% of their adjusted gross income (AGI) in any year to 50% and if the donor is a qualified farmer or rancher then the donor can deduct up to 100% of their AGI. In addition, the number of years over which a donor can utilize the deductions increased from six years to 16 years.

Donors of conservation easements often donate the easement for reasons unrelated to any tax incentive, including to protect and preserve family farms and property. But having the tax incentives in place is a wonderful benefit. For anyone contemplating a potential donation of land in the form of a conservation easement, there are several steps to the process which typically involve negotiating with a land trust or conservancy of the conservation easement language, working with an appraiser and tax advisors and proceeding with other planning steps. Honigman attorneys can assist with all of these steps and have assisted clients with conservation easements throughout Michigan and in other states. In addition, our attorneys have worked with many of the land trusts and conservancies that are eligible to receive the donation of the conservation easement, including Ducks Unlimited, The Nature Conservancy, Little Traverse Conservancy, Southwest Michigan Land Conservancy, Kalamazoo Nature Center and others. We also have assisted clients with conservation easements through government programs, including easements through the Wetlands Reserve Program (Natural Resources Conservation Service) and with related land use programs, including U.S. Fish & Wildlife Service's Partners for Fish and Wildlife Program, Conservation Reserve Program and others.