NATIONAL BIODIVERSITY TRUST

ANSWERS TO COMMON QUESTIONS ABOUT LAND DONATIONS

INTRODUCTION

If you are considering a land donation for your private or commercial property, some of your initial questions may be answered in this document. Note that this is a summary on land donations. You should consult your tax advisor for details related to your property and your tax situation.

National Biodiversity Trust can accept land donations of properties that meet the terms of the mission statement of the organization. The mission of National Biodiversity Trust is “To bring together a balance of conservation, biodiversity, and alliances, for the land, resources, and water all life needs to survive.”

LAND DONATIONS

A land donation to a nonprofit organization is a tool to protect land forever.

Remove Ongoing Costs: The donation relieves you of future burdens such as maintenance costs, property taxes, and insurance.

Deduction Limitations and Rules

Below are the answers to some of the most commonly asked questions regarding land donations:

Are there tax benefits with a land donation?

Beyond the great satisfaction of knowing that you are preserving your special land, you are also eligible for certain tax benefits:

1. Federal income and capital gains taxes.
2. State income tax
3. Local property taxes.
4. Estate taxes.

Your tax attorney and accountant will tell you all of your specific tax benefits, but generally, you may expect the following:

Federal Income and Capital Gains Tax Benefits

Donating land to a qualified IRS 501(c)(3) nonprofit such as National Biodiversity Trust can provide a substantial tax deduction. It is typically the full fair market value of the property if held for more than one year. The deduction is subject to adjusted gross income (AGI) limits and requires a qualified appraisal for values over $5,000.

AGI Limits: The maximum deduction you can claim in a single tax year is generally limited to 30% of your AGI for donations of appreciated long-term capital gain property. Any unused portion of the deduction can be carried forward for up to five additional tax years, until the full amount is used or the period expires. If you've held the land for one year or less (short-term asset), your deduction is limited to your cost basis (what you originally paid for it), not the fair market value. For any donation of property valued at more than $5,000, you must obtain a written, "qualified" appraisal. The appraisal must be conducted no more than 60 days before the contribution date and no later than the due date of your tax return. By donating the property directly, you can avoid paying capital gains tax on its appreciated value, which would be incurred if you sold the property first and then donated the cash proceeds to a nonprofit organization such as National Biodiversity Trust.

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State Tax Benefits, Georgia

If you donate land in Georgia, you can qualify for a state income tax deduction. Donations of land meeting state conservation tax purposes qualifies donors for a state income tax credit up to $250K (individual), $500K (corporation), and the donor has 10 years to use the tax credit. The law provides for a credit on Georgia state income tax of 25% of the property value donated for qualifying lands. And with the passing of House Bill 346, those credits are now transferrable to a third party for monetary compensation. So, you can sell your credits to a willing buyer. Other states that offer the sale of tax credits includes Colorado and Virginia.

State Tax Benefits, Other States

States with significant tax incentives (credits or deductions) for land conservation include Arkansas, California, Colorado, Connecticut, Delaware, Iowa, New Mexico, Massachusetts, South Carolina, and Virginia. Specific incentives vary by state. For example, Arkansas provides a tax credit for a percentage of the value of donated land or easements. California allows deductions generally following federal law, with some limitations. Colorado offers a transferable tax credit for conservation easements. Connecticut, Iowa, New Mexico, and Massachusetts also offer tax credits for land donations or easements. Delaware offers a state income tax benefit for charitable contributions. South Carolina, and Virginia offer significant, transferable tax credits like Georgia. Maryland offers a tax credit but requires taxpayers to adjust their federal deduction accordingly.

Many states with an income tax allow land donations as a charitable contribution deduction because they align with federal tax calculation.

Estate Tax Benefits

The donation of a land donation during the landowner's life or by bequest, can reduce the value of the land upon which estate taxes are calculated. This benefit can often mean the difference between heirs having to sell or develop the property to pay estate taxes, or being able to keep the property in the family. The new property value after an easement is placed on the land will be the estate tax taxable value, which is usually much less than the original value.

STEPS TO SETTING UP A LAND DONATION

Step 1. Tour your property with a National Biodiversity Trust representative.

You and a staff member will have the opportunity to see the property, to discuss your property and if it aligns with the mission of National Biodiversity Trust. If it does not, you can still donate your property, but National Biodiversity Trust may eventually sell it for proceeds to buy other lands.

Step 2. National Biodiversity Trust advises you to consult your legal and tax advisors.

It is the property owner's responsibility to review the legal and financial implications and benefits of a land donation. You will want advice on income and estate tax issues, and the way in which to take maximum advantage of the benefits possible through a land donation. You may also want to have an informal consultation with a qualified appraiser; doing this early in the process will help you to gain a general understanding of the value of the land under discussion.

Step 3. You provide survey and title information to National Biodiversity Trust.

National Biodiversity Trust will need a current survey and title information to identify legally the owner(s) of the property and the legal description of the land to be included in the land donation. You will also provide information on any liens or mortgages that may exist on the property. These affect the donation of the land to National Biodiversity Trust.

Step 4. Obtain a qualified appraisal.
An accurate appraisal is key to understanding what the land donation is worth and what the tax benefits may be to you and your family, or corporate stakeholders if it is commercial land. With the land donation, the appraisal of the property is solely the responsibility of the property owner.

Step 9. Transfer the property.
When all parties have agreed, the property is transferred in the county in which it resides. National Biodiversity Trust will assist later with IRS Form 8283, Noncash Charitable Contributions.

LAND CONSERVED FOREVER, AND FINANCIAL BENEFITS TO YOU.