



Land conservation tax incentives should inspire charitable giving, not loopholes

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Our nation's tax code encourages charitable giving. It does so reasonably and rationally by allowing taxpayers to deduct the value of what they are donating from their taxable income.

But a handful of "bad actors" — so described by the U.S. Department of the Treasury — have in recent years broken this system. By artificially inflating the value of certain land conservation deals, these bad actors developed a tax scheme the IRS says has resulted in more than \$20 billion in unwarranted charitable tax deductions since 2010. This scheme is wrong and must be stopped.

This is why we strongly support the newly reintroduced, bipartisan Charitable Conservation Easement Program Integrity Act sponsored by Republican Sen. [Steve Daines](#) of Montana and Democratic Sen. [Debbie Stabenow](#) of Michigan. This bill, S. 170, would prevent people from profiting off of conservation easement transactions designed to generate unwarranted tax deductions, while ensuring the vast majority of conservation easement donations can continue as truly charitable endeavors. Because just like other charitable donations, conservation easement donations are not intended to generate a profit.

Before we go any further, we want to make one thing abundantly clear: The voluntary land conservation our nation has accomplished through conservation easements is both laudable and valuable. Among the more than 56 million acres that have been privately conserved across the United States, there are countless examples of farmers, ranchers and other honest, hardworking Americans who have chosen to conserve their land for the benefit of their fellow citizens. These charitable contributions protect our lands, our wildlife, our waters and our ways of life. This system is largely working as Congress intended when it created a tax incentive in 1976 to help facilitate land conservation.

We need now only to ensure the system's integrity. The Charitable Conservation Easement Program Integrity Act achieves this goal by:

- stopping bad actors from financially profiting
- allowing honest conservation donations to move ahead
- safeguarding taxpayers
- preserving the good reputation of our nation's land appraisers
- providing Congress a concise and sensible solution

Decisive action is needed because promoters of these abusive transactions have not been deterred by the IRS, which two years ago categorized these conservation easement tax shelters as "tax avoidance transactions" that it would challenge. Even though promoters of and participants in these transactions must report their activities to the IRS or face fines, the problem persists.

In December, the U.S. Department of Justice filed a civil complaint against promoters of an allegedly abusive conservation easement syndication tax scheme. According to the complaint, the 96 transactions at issue resulted in over \$2 billion in claimed federal tax deductions.

It's time to close the loophole. The Charitable Conservation Easement Program Integrity Act would prevent abuse of charitable donations while keeping important incentives in place. It would allow landowners of modest means to conserve their lands for the benefit of all Americans. The proposed legislation will not stand in the way of reasonable deals or partnerships created to advance conservation, but it will end the abuse. And we're working together — with Congress — in the best tradition of sensible bipartisan cooperation to get it done.

Ultimately, land conservation incentives should inspire charitable giving, not wrongful profiteering.

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