LWCF: Talking Points

- The Land and Water Conservation Fund (LWCF), established in 1964 as a bipartisan commitment to protect natural and cultural resources, has touched every state, helping protect treasured places of all scales, from the Grand Canyon National Park to your favorite local park.
- Since its creation, the LWCF has supported over 41,000 state and local park projects, provided 9.4 million sustainable jobs, and contributed $1.06 trillion annually to the nation’s economy.
- The LWCF is not funded by taxpayers. Rather, $900 million in federal offshore drilling royalties is deposited into a treasury account for the LWCF every year.
- In March, the President signed into law S. 47, permanently reauthorizing the LWCF program following large bipartisan votes in the House and Senate.
- Thank legislators who voted in favor of this landmark legislation.
  - We look forward to working with you to secure the LWCF’s future by supporting legislation for full and dedicated program funding.

Expanding Opportunities for Conservation Easements through FLP: Talking Points & Congressional Requests

- The Forest Legacy Program (FLP) is a conservation program that encourages the protection of private forest lands.
  - It provides federal funds for conservation easements and land in fee purchases with the goal of preventing the fragmentation or loss of environmentally important forests.
- FLP is a vital tool as 57% nation’s forest lands are privately-owned – yet each year, we lose approximately half a million acres of these private forested lands to development.
- Under current law, lands or easements acquired through FLP must be held by the U.S. Forest Service or a state or local government agency.
- However, some private landowners are wary about or opposed to federal or even state governments holding conservation easements in perpetuity.
  - Permitting land trusts to be eligible easement holders under the FLP would expand the conservation of important forested lands and increase the program’s impact at no additional public cost.
- Ask Congress to amend the Forest Legacy Act to give states the authority to allow eligible third parties, such as a land trust, to hold conservation easements under the FLP.

Tax Incentive: Talking Points & Congressional Requests

- The conservation easement tax incentive allows landowners to take a charitable deduction based on the fair market value of a donated easement, making conservation a viable option for land-rich, cash-poor landowners who have no other alternatives.
- While the vast majority of these donations are truly charitable endeavors, a few bad actors are exploiting the incentive to make fast – often large – profits for investors.
- According to IRS data, between 2010 and 2016, these bad actors have claimed more than $20 billion in unwarranted charitable deductions.
- To combat this abuse, Sens. Debbie Stabenow (D-MI) and Steve Daines (R-MT) introduced S. 170, the Charitable Conservation Easement Program Integrity Act.
- In March, Reps. Mike Thompson (D-CA-5) and Mike Kelly (R-PA-16) introduced a companion measure, H.R. 1992.
- Support and cosponsor the Charitable Conservation Easement Integrity Act: S. 170 / H.R. 1992
  - These narrowly focused bills disallow a charitable deduction only when a profit is made in a short time from a conservation easement donation, ensuring that tax incentives for land conservation remain available for genuine philanthropists.
  - They also include an exception for family partnerships.
Farm Bill: Talking Points

- Farm Bill conservation programs constitute the largest single federal source of funding for private land conservation.
- In December 2018, the President signed into law H.R. 2, the Agriculture Improvement Act of 2018, which reauthorized the Farm Bill for another 5 years.
- The 2018 Farm Bill includes many of the Alliance’s highest priorities, including provisions to streamline the Agricultural Land Easement (ALE) program and increased funding for ACEP at $450 million/year.
- Thank legislators who voted in favor of the Farm Bill.
  - Your vote allows our community to build new opportunities for farm and ranchland conservation across the nation. Thank you!
- The Alliance looks forward to leading its members through the rulemaking process.

Examples of How Proposed IRS SALT Rule Harms Land Owners

Assuming a donation valued at $1 M:

- In Colorado, a donor’s tax benefit could be reduced by up to $194,000.
  - Donor receives $525K state tax credit, reducing federal deduction to $475K. A $1M federal deduction is worth up to $370K while a $475K deduction is worth $176K.
- In Georgia, an individual donor’s tax benefit could be reduced by up to $92,500.
  - Donor receives $250K state tax credit, reducing federal deduction to $750K. A $1M federal deduction is worth up to $370K while a $750K deduction is worth $277.5K.
- In New York, a donor’s tax benefit could be reduced by up to $370,000.
  - New Yorkers eventually receive 100% of the value of their gift in state tax credits, so they’d lose their entire federal deduction, even though it would take 244 years for their state tax credits to add up to the full value of a $1M gift.

Expanding Opportunities for Conservation Easements through LWCF: Talking Points & Congressional Requests

- The Land and Water Conservation Fund (LWCF) provides federal funding to protect natural, cultural and water resources such as working forests, farms and ranches, fish and wildlife refuges, trails, and state and local parks.
- One authorized use of LWCF funds is the purchase of conservation easements.
  - Under current law, only federal agencies are permitted to hold conservation easements purchased with LWCF funds.
- However, some private landowners are wary about or opposed to federal or even state governments holding conservation easements in perpetuity.
  - Permitting land trusts to hold conservation easements under the LWCF would increase the conservation of important lands.
  - Allowing land trusts to hold easements purchased using LWCF funds would also shift the responsibility and expense of land stewardship from the federal government to the land conservation organization.
- Ask Congress to grant the Secretaries of Interior and Agriculture the authority to allow eligible third party entities, such as land trusts, to hold conservation easements under the LWCF.

Tax Incentive: Supporting Evidence

Abusive tax shelter syndication schemes cost taxpayers huge sums:

- Between 2010 and 2016, syndicators claimed more than $20 billion in unwarranted charitable deductions.
- These bad actors show no sign of slowing down: in 2016 alone, 248 entities claimed $6 billion in unwarranted charitable deductions.
- IRS data show that up to, investors claimed deductions valued at nine times their original investment.
- S. 170/H.R. 1992 is drafted to halt the abuse and mirrors IRS Notice 2017-10, which made these abusive transactions listed transactions:
  - The three-year holding period matches IRS Notice 2017-10;
  - 2.5 times the initial investment is the point where one begins to profit from a donation.
- The bill won’t hinder conservation – it will stop people from profiting from charitable conservation donations.
- Congress must take action to permanently shut down these abusive tax shelters.