



Topic: Halt abusive conservation easement transactions

Request: Support and cosponsor the Charitable Conservation Easement Program Integrity Act

What's the background? The federal conservation easement tax incentive is a crucial land conservation tool. It helps landowners protect the places they love by donating a conservation easement. The federal conservation easement tax incentive allows landowners to take a charitable deduction based on the fair market value of the easement, which helps make conservation a viable option for landowners who may have no other alternative to ensure the land is conserved as they wish.

What's the problem? Unfortunately, a few bad actors are exploiting the incentive, making large profits at the expense of taxpayers. Congress put the incentive in place to reward those who engage in true charity. It is tragic to think a few bad actors could jeopardize an incentive that benefits all Americans. It's time to halt these transactions.

How much profit are we talking about here? According to IRS data, these bad actors have claimed \$20 billion in unwarranted charitable deductions from 2010 through 2016. In 2016 alone, 248 entities claimed \$6 billion in unwarranted charitable deductions. In response, the IRS recently made abusive conservation easement tax shelters one of five new targeted compliance campaigns. In December 2018, the U.S. Department of Justice filed a civil complaint against promoters of an allegedly abusive conservation easement syndication tax scheme. And on March 27, the Senate Finance Committee launched an investigation into the potential abuse. But despite the IRS, the DOJ and a Senate Finance Committee investigation making it clear they will not tolerate abuse of the federal tax code, the proponents of these deals are continuing to conduct business as usual.

What's the solution? The best way to address this issue is by passing the bipartisan, bicameral Charitable Conservation Easement Program Integrity Act. The lead sponsors are Sens. Debbie Stabenow and Steve Daines and Reps. Mike Kelly and Mike Thompson. This legislation would prevent abuse while ensuring the vast majority of conservation easements can continue to go forward as truly charitable endeavors. The bills disallow charitable deductions only when a profit is made in a short time from the donation of a conservation easement. The bills are narrowly focused and the fastest and most efficient way to stop this abuse.

Is congressional action necessary? Yes. For years, our organizations have pursued a variety of public and private solutions to shut down these tax shelters. Now, Congress has the perfect opportunity to stop this abuse and protect taxpayers while ensuring that tax incentives for land conservation remain available for genuine philanthropists.

**Support and cosponsor S. 170 / H.R. 1992,
the Charitable Conservation Easement Program Integrity Act.**