



Conservation Easement Guide

As the largest land trust in Howard County, the Conservancy has protected more than 1,900 acres of property, including farmland, natural resources, scenic views and historic features. The Conservancy works to conserve land in the County by providing information to property owners and accepting donated easements. Easements encourage agricultural and natural uses and prohibit more intensive land uses such as commercial and residential developments. The Conservancy works with the Maryland Environmental Trust in its efforts to preserve land in Howard County.

Photo by: Jeff Snyder

Conservation Easements at a Glance

What is a conservation easement?

A conservation easement is a way to protect and preserve natural lands, resources and scenic open space. Land under easement protects woodlands, farmland, wetlands, streams, scenic areas and historic sites, and its conservation is of significant public benefit. A Conservation Easement is a legal agreement between a landowner and a land trust which restricts the future development of the landowner's property, and binds all future owners of the property. Landowners relinquish most or all development and subdivision rights under an easement, while maintaining ownership of the land. *It does not grant public access to a property* unless the landowner specifically wishes to allow it. Conservation easements are tailored to fit a landowner's individual situation, and the terms of the easement are arrived at only after detailed discussions between the landowner and the land trust. Most easements allow for changes and additions to houses and the construction of farm buildings and other outbuildings. The Howard County Conservancy agrees to monitor easement land on an annual basis to ensure the terms of the easement are being upheld.

Why Landowners choose to Donate

Many conservation easement donors have a desire to protect and preserve their land for future generations, and to eliminate the potential for development. An easement will ensure that the land will never be used in a way that negates the intent of the easement. Landowners may also take advantage of potential tax incentives for donating. See next page for detailed tax information.

Steps for Donation

Interested landowners in Howard County should contact the Howard County Conservancy, your local land trust. The Conservancy will schedule an initial site visit to the property to collect information and determine the potential conservation values of your property. A report will be presented to the Conservancy's Easement Committee and Board of Trustees for a vote to approve an easement on your land. If approved, the landowner will contact an appraiser to determine the development potential of your parcel (this is where the potential value of your tax deduction will be determined). When a property is encumbered by a mortgage, the mortgage leader will need to sign a subordination document before an easement is signed and recorded. If all parties agree to move forward, landowner and land trust will work together to form an easement document that satisfies all parties. We recommend each landowner seek legal counsel during this process. The typical timeline for completing the easement donation process is 3-6 months. Conservancy staff and Board of Trustees are guided by our organizational policy.

Relevant Internal Revenue Codes

The donation of a conservation easement is treated as a tax deductible charitable contribution if it meets the "qualified conservation contribution" requirements of the Internal Revenue Service Code, Treasury Regulation 1.170A-14. A "qualified" easement must be granted in perpetuity and meet the conservation purposes test – in essence, it must provide public benefit by permanently protecting important conservation resources.

For more information about the IRS codes that address donated conservation easement, please visit www.irs.gov and search for Code 1.170A-13 and Code 1.170A-14.

Tax Incentives

Tax Benefits

The gift of an easement is a charitable donation that may be deducted from Federal income taxes. For appreciated property, the maximum deduction allowed is 50% of a donor's adjusted gross income for the year of donation with a 15 year carry-forward period. The amount of the total deduction an easement donor is allowed to take will be determined by a professional property appraiser, and is equal to the value of the property before the easement is imposed, minus the value once the easement restrictions are in place.

Property Tax

The Howard County Conservancy provides a copy of all recorded conservation easements to the Howard County Tax Assessment Office. Unimproved land under donated easement will be assessed at the highest agricultural rate. This rate is currently \$500 per acre. Property will qualify for this rate even if farming activities are not present. For property that is farmed, the assessment will be at the appropriate agricultural level. Agricultural tax assessment rates will not apply to residential improvements or to a minimum of one acre around these improvements.

The tax advantages will vary with individual situations. Please consult a tax advisor or attorney for advice on the affects of a conservation easement on your taxes and estate.

Estate Tax

When valuing land for estate tax, it is generally valued at the maximum development potential possible. A conservation easement limits the amount of development potential and therefore lowers the appraised value of the land, effectively reducing the estate tax. There is also a 40% tax exclusion on donated easement land of up to \$500,000 in value per owner, partially shielding land from the estate tax.

Co-Held Easements

The Howard County Conservancy and the Maryland Environmental Trust have a cooperative agreement. A landowner may choose to have his or her easement held jointly by two land trusts, such as MET and a local land trust, like the Howard County Conservancy. Generally, MET is interested in property of 25 acres or more. A landowner that donates an easement co-held with MET may qualify for further tax advantages. Easement land that is co-held between MET and HCC may be monitored by both organizations. For more information about MET, please visit their website at <http://www.dnr.state.md.us/met/>



The mission of the Howard County Conservancy is to educate children and adults about our natural world, preserve the land and its legacy for future generations and model responsible stewardship of our environment.



For more information about our conservation easement program,
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