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## FEATURED NEWS

### Conservation Easements: Alive and Well Despite Changes in Funding

By: **Andrew Coulter**, Sales Associate

Our Live Water Properties agents are licensed to broker many types of properties, but the brokering of conservation lands—properties that have distinct wildlife, fisheries, scenic, recreational, and open-space values—is our specialty and our passion. Whether we represent a buyer or seller of conservation property, effecting good transactions for people who share these values is what we live and breathe every day.



Apart from good stewardship and land ethics, one of the great conservation tools available to landowners in comparatively recent times has been the conservation easement. In the simplest terms, a conservation easement is the separation of certain development rights—and placement of those rights with an entity qualified to hold and defend them, such as a land trust or appropriate government entity—in order to achieve defined conservation outcomes, such as preservation of open space and wildlife habitat.

Although conservation easements have been around in concept for many years, they started gaining public awareness in the 1980s, and then took off in the 1990s. Up through this time, the preponderance of conservation easements were donated by landowners to qualified organizations. In the 2000s, the concept of selling conservation easements became more current among landowners, though many dedicated landowners still donated easements and continue to today. Part of the shift in mindset was due to the introduction of the USDA's Farm and Ranchland Protection Program (FRPP), which distributed federal funds through the Natural Resources Conservation Service on a competitive basis to provide partial funding for purchase of conservation easements. The FRPP grew, and it provided considerable funds to conserve important lands in my home state of Wyoming. With the passage of the 2014 Farm Bill, though, the FRPP, along with other conservation programs such as the Grassland Reserve Program and the Wetland Reserve—programs familiar to many of our

clients—were eliminated and, to one degree or another, replaced by a single program called the Agricultural Conservation Easement Program (ACEP).

Regardless of how the consolidation of these programs into ACEP affects conservation outcomes on the ground, **donated conservation easements remain compelling for motivated landowners in appropriate circumstances. In its simplest application, the amount by which the restrictions of a given conservation easement reduce property value may be deductible for federal income-tax purposes in the year the donation is made, and any balance may be carried forward for use in future tax years.** The amount (as a percentage of adjusted gross income) that may be deducted in a given year varies depending upon the landowner's cost basis in the property, the type of recipient agency, and other factors. A landowner might ask, "Why would I reduce the value of my property, when what I get back in tax benefits is only a percentage (the donor's marginal tax rate) of that reduction?" Well, suppose that a landowner has no intention of selling the property for many years, if ever; in such a case, the cash tax savings might be put to beneficial use in reducing debt, or in financing improvements (such as a fisheries habitat enhancement) that would recover some of that loss of value—or even in purchasing a life-insurance policy that would compensate heirs for that loss of value. The possibilities for benefits from donating a conservation easement are almost as numerous as the varieties of human motivation. Depending on the state of residency, there could also be state income-tax benefits. Finally—and particularly for older landowners—a conservation easement can be valuable for reducing the value of property in one's estate, thereby potentially creating estate-tax savings for heirs who wish to keep the property in the family.

Of course, the greatest satisfaction may come from knowing that the conservation values of the property will be conserved and guarded for future generations—known or unknown. **In my 18 years in the land trust community in Wyoming, my teams completed over 75 conservation easements conserving more than 300,000 acres of private land, and in many of these cases the primary motivation was to protect an important natural legacy for future generations.** Although I am not a professional advisor and cannot offer specific tax advice, I would be happy to field questions about conservation easements from our clients and other interested landowners, and, where possible, connect them with organizations that are qualified to accept conservation easements. To learn more about conservation easements, contact **Andrew Coulter** at 307.349.7510 or email him [andrew@livewaterproperties.com](mailto:andrew@livewaterproperties.com).

## FEATURED AGENT

### Andrew Coulter, Sales Associate

For 18 years, Andrew worked with the Wyoming Chapter of The Nature Conservancy heading up development and finance. In one four-year period, Andrew's team carried out a comprehensive conservation campaign that generated \$106 Million in gifts of cash, land, and conservation easements that protected thousands of acres of conservation land in Wyoming. Through this work, Andrew also developed a strong layman's knowledge of



land stewardship and habitat management practices. Andrew and Amy and their two children are based in Lander, Wyoming, and enjoy fishing, camping, horseback riding, upland bird hunting, cycling, and alpine and Nordic skiing.

## FEATURED PROPERTIES



### The Carney Ranch

Cora, Wyoming

**Price:** \$20,500,000

**Acreage:** 5,501 Acres

#### Features:

- **SOLD**
- Finest legacy ranch



### Elk Meadow Ranch

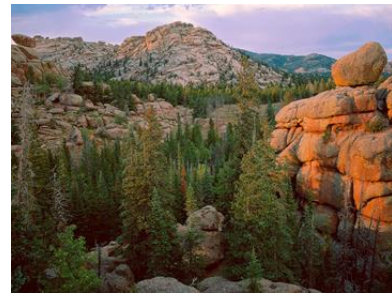
Alchova, Wyoming

**Price:** \$3,200,000

**Acreage:** 1,441 Acres

#### Features:

- 4,564 sqft lodge
- Sportsman's paradise



### Windsong Ranch

Buford, Wyoming

**Price:** \$2,200,000

**Acreage:** 1,000 Acres

#### Features:

- 2 hours to Denver
- S. Crow Creek fishing



## Live Water Properties

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