VOLUNTARY CONSERVATION AGREEMENTS

OVERVIEW

Voluntary conservation agreements (aka Conservation Easements) are voluntary, perpetual agreements. They are custom crafted to meet the specific needs of the landowner and limit the amount and type of development on all or part of a property. These agreements ensure the land is maintained for ranching and/or open space for future generations, regardless of ownership. With a voluntary conservation agreement, landowners continue to own and manage the property.

Sheridan Community Land Trust (SCLT) monitors easements annually as approved by landowners. Developing a voluntary conservation agreement typically results in significant tax advantages for the property owner.

SCLT has protected 3,900 acres in partnership with 10 private landowners in Sheridan County.

Our voluntary conservation agreements include property that is farmed, grazed, hayed, open space, and available for conservation subdivision.
What are the financial benefits of a voluntary conservation agreement?

Financial incentives, including cash and various tax incentives, have been established to encourage landowners to conserve their lands. These incentives help landowners to diversify or expand their operations, pay down debt, or save for retirement. The value of a voluntary conservation agreement is determined by a qualified appraiser and will vary considerably depending upon the terms of the agreement and local development pressure.

Example: Your property is valued at $1,000,000. After a conservation easement is placed on the property your property is valued at $600,000. The value of the conservation easement is $400,000 which is calculated as the $1,000,000 (the before) - $600,000 (the after) = $400,000.

Tax incentives

A voluntary conservation agreement may be treated as a charitable gift, making the value of the easement tax deductible.

Example: The same conservation easement from above is fully donated which equates a $400,000 donation. This donation can be a qualified tax deduction for 50% of your annual income with a 15 year carry over period. Farmers and ranchers can deduct up to 100% of their income.

Cash

Sheridan Community Land Trust works to raise money from public and private funding sources to purchase a portion of a voluntary conservation agreement with cash. This is known as a “bargain sale” voluntary conservation agreement.

Example: Typically around 75% of the value of the conservation easement is purchased. Therefore, for the same conservation easement from above: 75% of $400,000 would be a cash payment of $300,000; plus the remaining value $100,000 ($400,000 - $300,000) is a donation.

What is meant by placing a voluntary conservation agreement on a property “in perpetuity”?

Voluntary conservation agreements “run with the land” and remain on the property even if it is sold or passed on to heirs. Perpetuity is required by federal tax law for an easement donation to be tax-deductible.

Will a voluntary conservation agreement result in the loss of landowner control of management?

Voluntary conservation agreements put limitations on future development of the property to retain the land’s agricultural capacity and / or open character. The terms of voluntary conservation agreements are designed to conserve these features without undermining the ability of a landowner to make day-to-day decisions about the management of their farm, ranch, or non-agriculture property. By prohibiting or limiting residential development (the main effect of a voluntary conservation agreement), voluntary conservation agreements secure the land base or open character of a non-agriculture property.

What are the public benefits?

Voluntary conservation agreements help to ensure that lands are available to produce our food and fiber, provide habitat for our wildlife, and protect the watersheds which recharge our streams and aquifers. In addition, they maintain our defining views and open spaces.

Do voluntary conservation agreements require public access?

No. Decisions regarding public access to the property are left solely to the landowner.

Is a voluntary conservation agreement right for my property?

If you are interested in talking with us about your conservation options, please call Sheridan Community Land Trust at (307) 673-4702. We will set up a visit with you and your property to further discuss your specific conservation goals and how we might be able to work with you.