

# Conservation Resource Center

*Save open space and reduce taxes by participating in the tax credit exchange*

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In 2000, the Conservation Resource Center established the first transfer market for conservation tax credits and remains the most successful tax credit program in Colorado.

The Tax Credit Exchange is the only nonprofit tax credit facilitator in Colorado. Each year, we donate a significant portion of our proceeds to Colorado land conservation organizations.

# Tax Benefits of CE

A conservation easement donation can result in various tax benefits:

1. Federal Deduction
2. Estate Tax Savings
3. Property Tax Savings
4. In Colorado, State Income Tax Credits
  - State Income Tax Credit Can Be Transferred

# Conservation Tax Credits

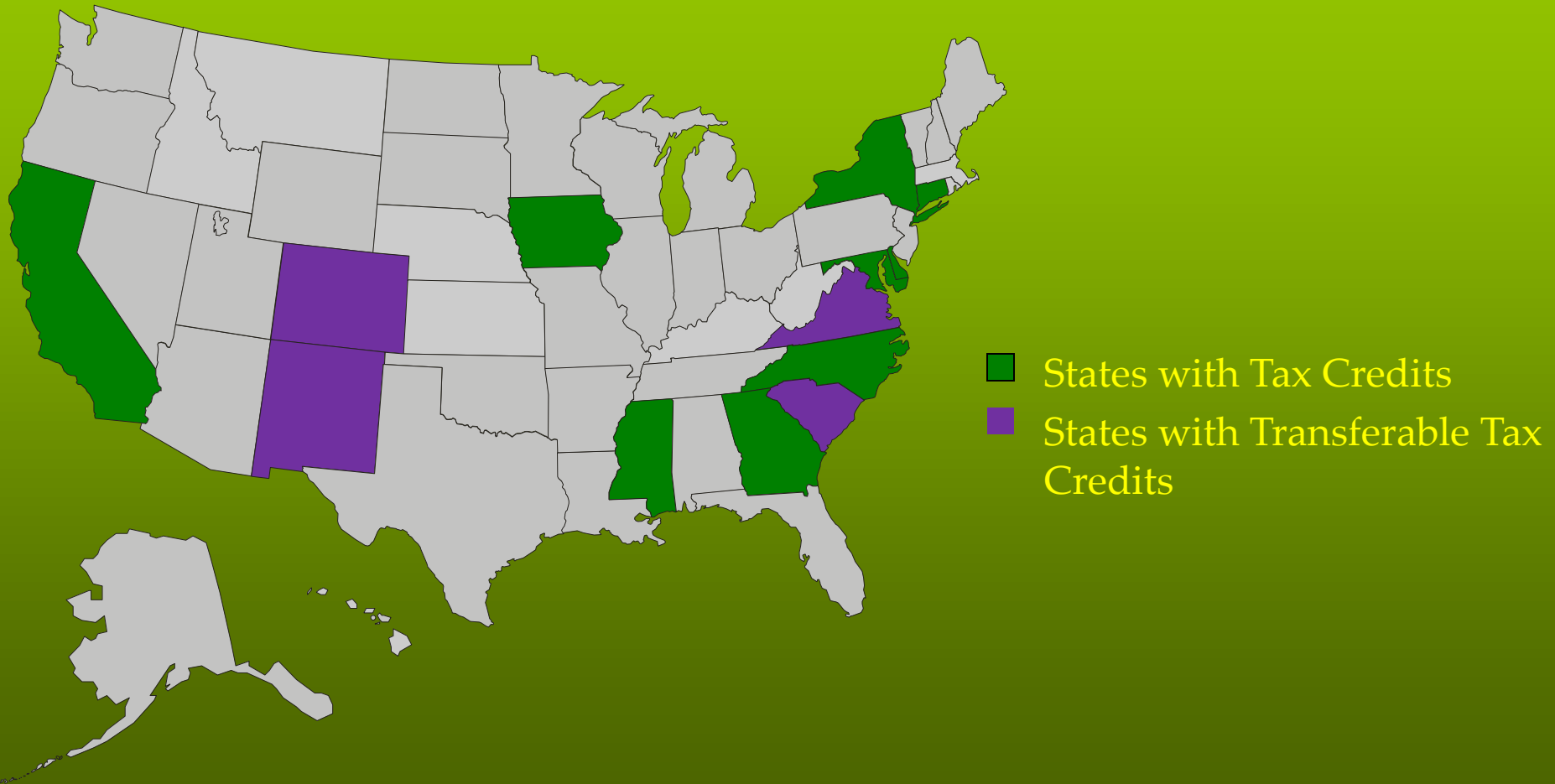
- Earn credits by donating a qualified conservation easement
- Credit is different than a deduction; deductions reduce tax liability by the amount of deduction times the tax rate
- Credit is subtracted directly from one's tax liability; reduces tax liability dollar-for-dollar

**Example:** A \$1000 *credit* in a 15% tax bracket reduces tax liability by \$1000 A \$1000 *deduction* in a 15% tax bracket only reduces tax liability by \$150



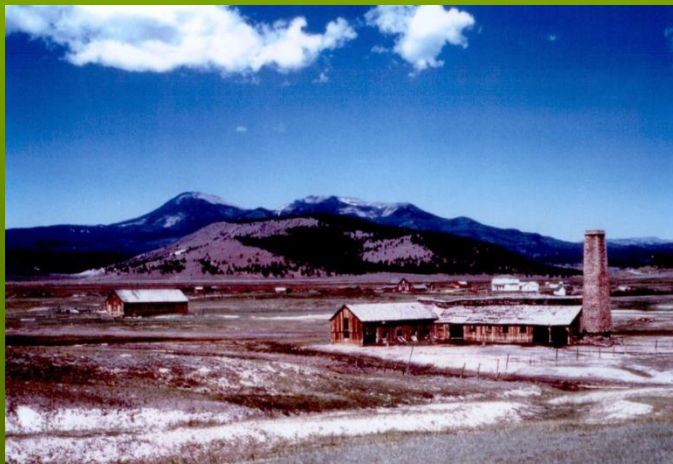
*Park Creek Ranch  
Larimer County Colorado*

# States using Income Tax Credit Incentives for Land Conservation



# Amount of the Colorado Tax Credit

- Maximum Amount is \$5,000,000 (amount of credit is calculated at 90% of easement value)
- Maximum Credit that can be claimed in a year is \$1,500,000
- For example - a \$1,000,000 donation earns a credit of \$900,000. A \$3M donation would earn \$2,700,000 of credits, but only \$1.5M can be claimed in first year, and remainder would be claimed in next year



*Saltworks Ranch  
Park County Colorado*



# Using the Credit

## ~ Options ~



*Seven Lakes Ranch  
Las Animas County Colorado*

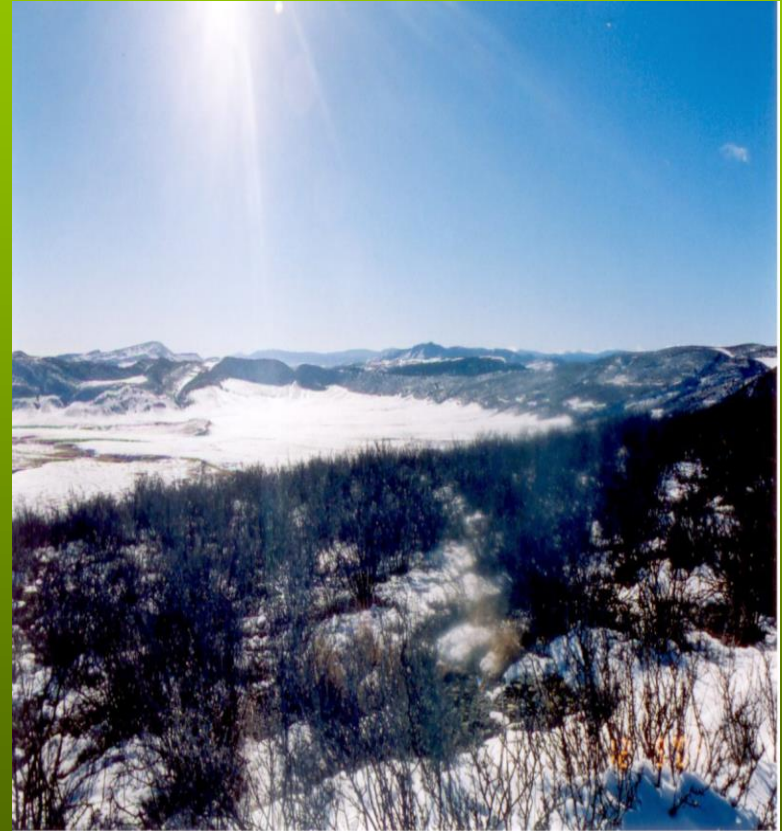
- Use it for state income taxes, with ability to carry it forward for up to 20 years
- In surplus years, get a refund from the state of up to \$50,000 (less the amount used for one's own state income taxes)
- **Transfer (sell)** the credit to another taxpayer

# BIG CHANGES THIS YEAR

- Earnings ration went from 50% to 90%...by far the highest in the nation.
- Includes, for the first time, water entities. Ditch/reservoir companies, and water conservation/conservancy districts. This is the first time any governmental entity has been able to earn credits.
- Essentially allows reservoir owners to receive almost all of the value they could get from development, by simply agreeing to not develop.

# Transferring the Credits

- May register credits for sale with a facilitator
- Sellers typically receive ~ 85% of the face value of the credit
- Purchasers typically pay about 90%
- Transfers can happen any time in the year



*Park Creek Ranch  
Larimer County Colorado*