



H.2522/S.1767 to Support the Conservation Land Tax Credit

We respectfully request that the Joint Committee on Revenue favorably report out **H.2522**, led by Representatives Bradley Jones and Smitty Pignatelli, and **S.1767**, led by Senators Bruce Tarr and Adam Hind, to increase the annual cap for the Conservation Land Tax Credit program. This language was adopted by unanimous roll call vote in the FY20 House budget debate, but it remains to be seen whether it will be included by conference committee.

H.2522 and S.1767 would:

- Raise the annual cap of the CLTC Program from \$2 million to \$5 million per year (a combined total of credits for individuals and corporations) by increasing the cap \$1 million/year for three years.
- Amend the definition of a "public or private conservation agency" that may receive donations of land subject to a conservation tax credit to include realty trusts organized for conservation purposes pursuant to Chapter 203 (please note that more than a third of land trusts in MA are organized as realty trusts).
- Sunset (or expire) the enhanced credit on December 31, 2029

Program Description: Launched in 2011, the CLTC program allows taxpayers (individuals and corporations) a refundable conservation land tax credit for qualified donations of certified land to a public or private conservation agency. The certification process is conducted by the Executive Office of Energy and Environmental Affairs (EEA) for land that is permanently protected and has significant conservation value, such as farming or forestry, wildlife protection or water quality.

Currently, the credit is subject to an annual \$2 million cap and is equal to 50% of the fair market value of the qualified donation up to a maximum credit of \$75,000 for each qualified donation. This is a refundable tax credit: the donor receives a rebate on any income taxes due for that calendar year and receives a refund check for the difference. Land trusts often play a key role in assisting landowners throughout the donation process.

Conservation Outcomes and Efficiency:

- The CLTC program has been used to permanently protect 12,087 acres of significant conservation land, including prime forest soils (working forests), prime agricultural soils (working farms), natural good/services (water quality protection), and land hosting habitat for rare species.
- Each \$1 of state tax credits has leveraged \$4.36 of private land donated value.

Need: As of May 3, 2019, total dollars requested for 2019 and beyond are \$7,304,000. Of that, \$2,000,000 has been committed to 2019 projects. There remains an additional \$5,304,000 in requested projects being pushed into 2020 and 2021. As the program operates on a first-come-first-served basis, any new applications received this year will not be eligible for funding until 2021, at the earliest. Many landowners cannot wait this long as they have financial needs. In addition, as this happens, the CLTC gets out of sync with other state land protection programs, which hinders the ability for municipalities, agencies, and land trusts to leverage grant and other programs to maximize outcomes. This comes at a time when there is an unprecedented transition in ownership across the Commonwealth and an enormous opportunity to conserve ecologically and economically valuable lands.

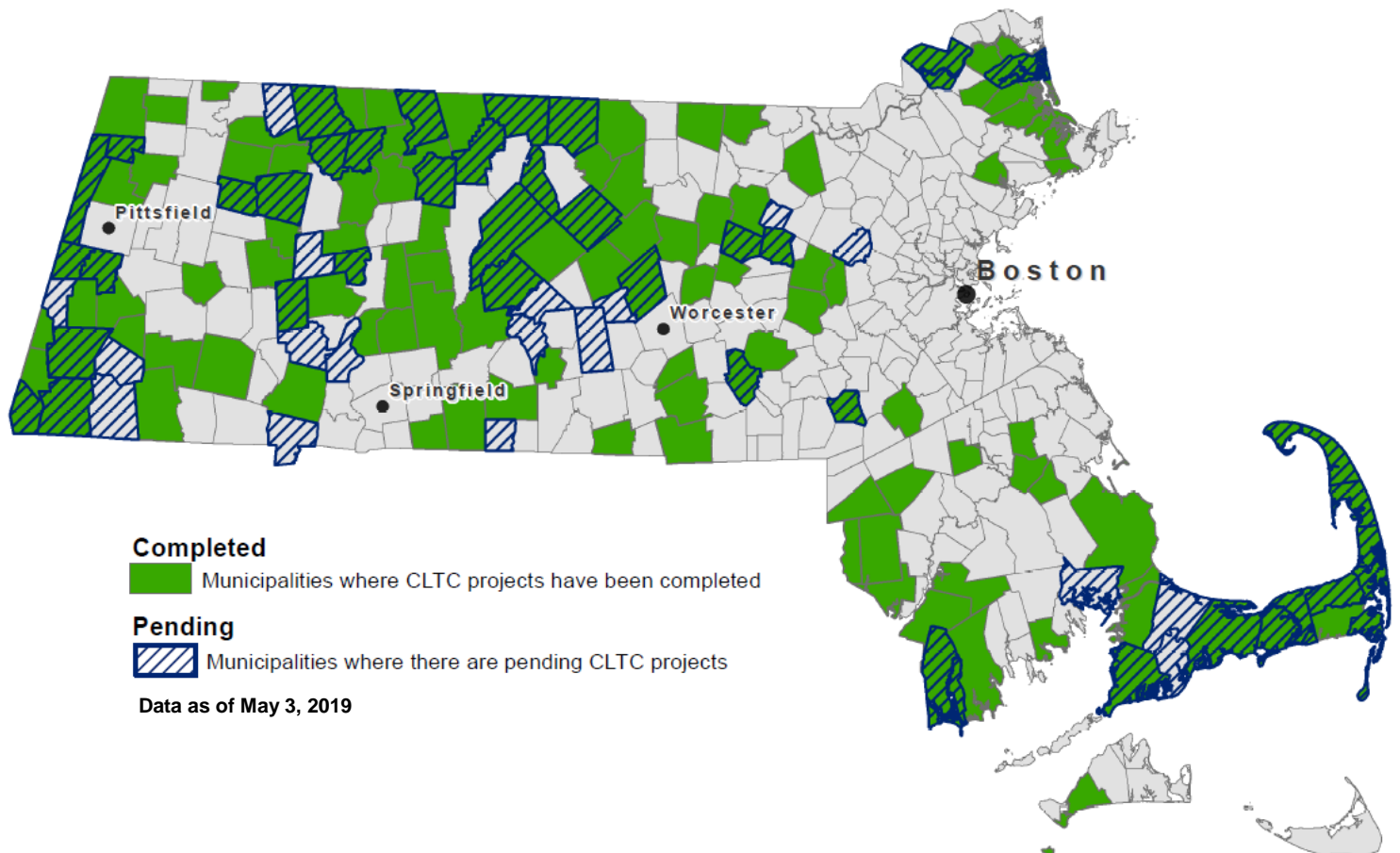
CLTC Program Numbers through May 3, 2019

Calendar Year	Applications to date	Projects Withdrawn / Denied to date	Projects Completed to date	Sum of Acres Protected to date	Total Appraised Value of Gifts	Total Tax Credits Awarded to date	Leverage Ratio***
2011	31	9	22	916	\$4,810,150	\$975,725	4.93
2012	50	7	43	2,567	\$11,063,837	\$1,755,794	6.30
2013	56	12	44	1,626	\$8,948,790	\$1,967,250	4.55
2014	61	10	51	2,521	\$7,640,540	\$1,990,770	3.84
2015	43	7	36	1,306	\$7,062,500	\$2,000,000	3.53
2016	37	4	32	1,410	\$6,912,220	\$2,000,000	3.46
2017	45	15	30	821	\$6,750,000	\$1,930,000	3.50
2018	43	12	31	859	\$9,463,430	\$2,000,000	4.73
2019*	45	13	2	61	\$225,000	\$112,500	2.00
2020**	79	0	0				
Grand Total	490	89	291	12,087	\$62,876,467	\$14,721,039	4.36

* Numbers are through May 3, 2019, so 2019 projects are not complete; however, **32 projects, valued at \$2 Million in credits and protecting 983 acres, are committed for this year.**

** The number of projects that have been submitted but will not receive credits in 2019 because the full \$2 million is already committed. **These would protect an additional 2,817 acres and are being pushed to 2020 and 2021.**

*** This is the ratio of the total value of the gift to the tax credits provide (calculated as of the end of 2018).



For more information, contact: Emily Myron, The Nature Conservancy, at emily.myron@tnc.org or 617-532-8311