



Please join Senator Tarr in supporting the Conservation Land Tax Incentive (CLTC) in Senate Operating Budget

Status: If the expansion of the CLTC is not included in the base Senate FY19 State Operating Budget bill, Senator Bruce Tarr will be filing an amendment. Please join him as a co-sponsor.

Note: Amendment language will be identical to Amendment 1248 to the House FY19 State Operating Budget, which was unanimously adopted. The amendment language was based on H.3855, which was reported favorable by the Joint Committee on Revenue.

The Conservation Land Tax Credit (CLTC) amendment 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).
- Provide a ten-year sunset.

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 12,146 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 \$4.29 of private land donated value.

Need: As of April 4, 2018, total dollars requested for 2018 and beyond are \$5,034,600. Of that, \$1,984,100 has been committed to 2018 projects. There remains an additional \$3,330,500 in requested projects being pushed into 2019 and 2020. As the program operates on a first-come-first-served basis, any new applications received this year will not be eligible for funding until 2020, 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 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 April 4, 2018

Year	Applica-tions 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	\$ 5,300,700	\$ 975,725	4.93
2012	50	7	43	2,567	\$ 9,382,848	\$ 1,755,794	6.30
2013	56	12	44	1,626	\$ 8,948,790	\$ 1,967,250	4.48
2014	64	13	51	2,521	\$ 8,570,700	\$ 1,990,770	3.84
2015	43	7	36	1,306	\$ 6,972,720	\$ 2,000,000	3.53
2016	36	4	32	1,410	\$ 7,591,620	\$ 2,000,000	3.46
2017	46	16	30	821	\$ 4,182,500	\$ 1,930,000	3.50
2018*	41	11	30	981	\$ 943,000	\$ 266,000	
2019	54**						
Grand Total	426	84	288	12,146	\$ 51,892,878	\$ 12,885,538	4.29

* Numbers are through April 4, 2018, so the full year is not complete; however, 30 projects, valued at \$1,984,100 in credits are committed for this year.

** The number of projects that have been submitted but cannot receive benefits in 2018 because the full \$2 million is already committed. These would protect an additional 1,526 acres and are being pushed to 2019 and 2020.

*** This is the ratio of the total value of the gift to the tax credits provided.

The graph below illustrates that the gap between requested and awarded applications is widening. The blue line is the running total of annual tax credit dollars requested; the red line shows the amount paid out annually.

