



H.4465 to Support the Conservation Land Tax Credit

We respectfully request your support for **H.4465**, sponsored by Representatives Jones and Pignatelli (Senate companion S.1767, sponsored by Senators Tarr and Hinds), to increase the annual cap for the Conservation Land Tax Credit incentive program. This change was adopted by unanimous roll call vote in the FY20 House Budget debate, but it was not included in the final FY20 budget. H.4465, carrying S.1767, has since been reported favorably from Revenue Committee to the House Committee on Ways and Means and would:

- **Raise the annual cap** of the CLTC Program from \$2 million to \$5 million (a combined total of credits for individuals and corporations) by increasing the cap by \$1 million per year for three years. This is critical as the program is in high demand; current commitments have already rolled forward to 2022 and beyond.
- **Amend the definition** of a "public or private conservation agency" to include private nonprofit trusts that are 501(c)3s organized for conservation purposes.
- **Sunset** (or expire) the enhanced credit on December 31, 2029.

Program Description: Launched in 2011, the CLTC program allows taxpayers (individuals and corporations) to apply for a state income 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 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 if the credit exceeds taxes due, then the donor receives a refund check for the difference. Land trusts and conservation organizations often play a key role in assisting landowners throughout the donation process.

Conservation Outcomes and Efficiency:

- The CLTC program has been used to permanently conserve 12,682 acres of certified land of significant conservation value, including prime forest soils (working forests), prime agricultural soils (working farms), source water lands, and habitat for fish and wildlife, including for rare species.
- Each \$1 of state tax credits has leveraged \$4.34 of private land donated value, so far.

Why Now: As of January 8, 2020, total dollars requested for 2020 and beyond are \$7,154,700. Of that, \$2 million has been committed each to projects in 2020 and 2021. There remains an additional \$3,533,150 in requested projects being pushed into 2022 and beyond. As the program operates on a first-come-first-served basis, any new applications received this year will not be eligible for funding until 2022, at the earliest. There is an unprecedented transition in ownership across the state, and 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. Passage of this legislation is an enormous opportunity to conserve ecologically and economically valuable lands, which is critical considering threats to our natural resources, including development and climate change.

CLTC Program Numbers through January 8, 2020

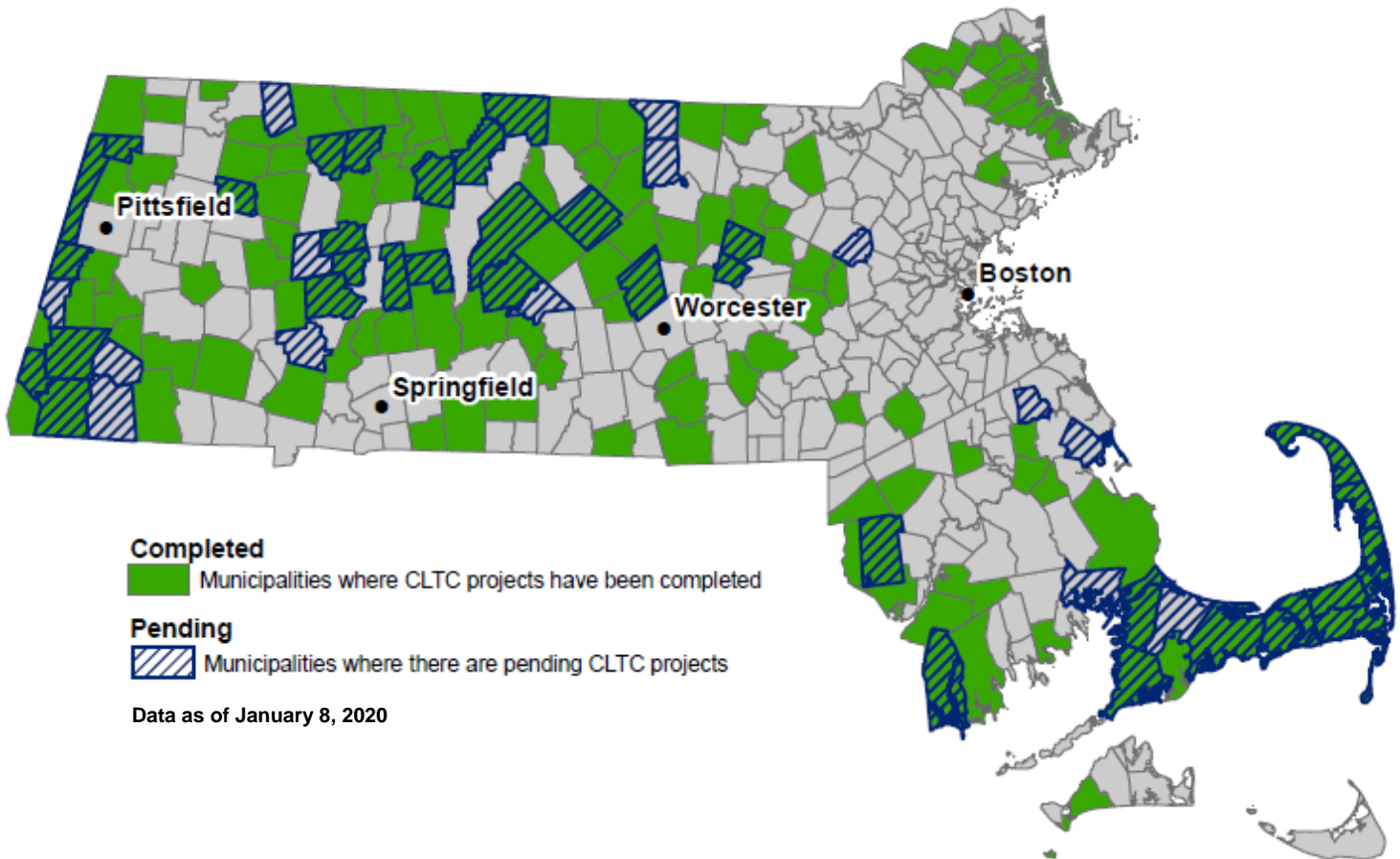
Calendar Year	Applications to date	Projects Withdrawn / Denied to date	Projects Completed to date	Sum of Acres Protected to date	Total Appraised Value of Gifts	Total Tax Credits Awarded to date	Leverage Ratio ****
2011	31	9	22	916	\$4,810,150	\$975,725	4.93
2012	50	7	43	2,567	\$11,063,837	\$1,755,794	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	29	656	\$7,468,000	\$1,760,500	4.24
2020*	30						
2021**	26						
2022	51***						
Grand Total	518	89	318	12,681.89	\$70,119,467	\$16,380,039	4.34

* 30 projects, valued at \$1.86 million in credits and protecting about 1,772 acres, are committed for this year.

** 26 projects are committed for 2021, which are expected to protect about 792 acres.

*** The number of projects that have been submitted but will not receive credits until 2022 or later. **These would protect at least an additional 685 acres.**

**** This is the ratio of the total value of the gift to the value of the tax credits provided (calculated as of the end of 2019).



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