



Iowa Department of
REVENUE

**Iowa's Charitable Conservation Contribution Tax Credit
Tax Credit Program Evaluation Study**

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Preface

During the 2005 Legislative Session the Iowa Department of Revenue received an appropriation to establish the Tax Credits Tracking and Analysis Program to track tax credit awards and claims. In addition, the Department was directed to assist the legislature by performing periodic economic studies of tax credit programs. This is the first evaluation study completed for this tax credit.

As part of the evaluation, an advisory panel was convened to provide input and advice on the study's scope and analysis. We wish to thank the members of the panel:

Dr. Catherine Kling	Iowa State University
Jim Gillespie	Iowa Department of Agriculture and Land Stewardship
Anita O'Gara	Iowa Natural Heritage Foundation
Lisa Runkel	The Nature Conservancy
Dr. Bulent Uyar	University of Northern Iowa

The assistance of an advisory panel implies no responsibility for the content and conclusions of the evaluation study. This study and other evaluations of Iowa tax credits can be found on the [Tax Credits Tracking and Analysis Program web page](#) on the Iowa Department of Revenue website.

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Executive Summary

The Iowa Charitable Conservation Contribution (CCC) Tax Credit, introduced in 2008, is equal to 50 percent of the fair market value of qualifying contributed property. Charitable conservation contributions are voluntary restrictions on the use of land negotiated by a landowner and a private charitable conservation organization or government agency chosen by the landowner to hold the contribution.

The CCC Tax Credit is automatic; any taxpayer with a qualifying charitable contribution can make a claim to the tax credit. The credit is nonrefundable with a 20 year carryforward and is nontransferable. The maximum amount of the tax credit is \$100,000, limiting eligible contributions to \$200,000. The amount of the contribution for which the tax credit is claimed shall not be claimed as an itemized deduction for charitable contributions for Iowa income tax purposes. However, if the CCC Tax Credit contribution's fair market value is above \$200,000, the excess can be claimed as an itemized deduction.

The major findings of the study are these:

Tax Credits for Charitable Conservation Contributions across the United States

- Although the federal government does not offer a tax credit for charitable conservation contributions, the federal conservation easement tax deduction is available to individuals, corporations or partnerships who contribute a charitable land conservation easement to a qualified charitable organization. Since tax year 2006, an individual's deduction may not exceed 50 percent of the individual's federal AGI less all other charitable contributions, but unused deductions can be carried forward 15 years.
- Along with Iowa, thirteen other states currently offer income tax credits for charitable conservation contributions to charitable organizations or government entities. All but two of the states' tax credits are nonrefundable, meaning that the taxpayer can only claim the tax credit in any year equal to the amount of tax liability owed.
- State tax credit rates range from 25 percent to 55 percent, with Iowa's 50 percent tax credit rate matching five other states. Many states have taxpayer caps ranging from \$5,000 to \$500,000, with Iowa's \$100,000 falling in the middle of the range.

Charitable Conservation Contribution Tax Credit Contributions

- Taxpayers making CCC Tax Credit claims in tax years 2008 through 2013 contributed over 9,000 acres of Iowa land, valued at over \$19 million. Twenty-two percent of contributions either met or exceeded the maximum \$200,000 value eligible for the tax credit.

- CCC Tax Credit contributions were made to 14 different organizations. Fifty-six percent of the number of contributions were made to either the Iowa Natural Heritage Foundation or the Nature Conservancy, followed by county conservation boards and other organizations at 16.0 percent.
- The most utilized method of conservation contribution is an easement donation which accounts for 38.0 percent of the number of contributions and 51.3 percent of the total CCC Tax Credits earned. Bargain sales are the second most utilized method of conservation contribution at 17.0 percent of contributions and 12.2 percent of total credits earned.
- Contributed land is reported in 36 Iowa counties. Six counties had more than 500 acres of contributed land during the first six years of the CCC Tax Credit.

Characteristics of Charitable Conservation Contribution Tax Credit Claimants

- In tax years 2008 through 2013, a total of \$6.3 million of CCC Tax Credits were earned for the 138 contributions claimed.
- Taxpayers who earn CCC Tax Credits tend to have higher AGI than other taxpayers, with 73.2 percent reporting AGI above \$100,000 compared to 17.9 percent of all taxpayers in 2013. Taxpayers with an AGI of over \$100,000 account for \$5.2 million, or 83.4 percent, of the total earned CCC Tax Credit amount.
- Nearly three-fourths of households with initial earned CCC Tax Credits are married households including 40.6 percent filing married joint and 31.2 percent filing separately on a combined return. Married filing joint households account for 44.7 percent of the tax credit dollars initially earned and report the highest household average tax credit of almost \$50,000.
- Taxpayers who earn CCC Tax Credits above 55 years of age account for nearly 75 percent, or \$4.8 million, of initial earned credits. Claimants of the CCC Tax Credit above 65 years of age account for nearly 50 percent, or \$3.1 million, of initial earned credits.
- Reported claimants resided in 39 different Iowa counties and outside of the state of Iowa at the time the CCC Tax Credits were initially earned. Of the 138 households who have earned the CCC Tax Credit, 83.3 percent reported living in Iowa, accounting for 85.7 percent of the total tax credits.

Charitable Conservation Contribution Tax Credit Claims

- Many of the nonrefundable CCC Tax Credits are not fully claimed in the year they are initially earned and many are carried forward for multiple tax years. Between the 2008 and 2013 tax years, just under \$3.0 million of CCC Tax Credits have been claimed out of the \$6.2 million of initial earned credits over those tax years.

- Historically, around 62 percent of the initial earned CCC Tax Credit amount has been claimed over the first six tax years observed since the inception of the tax credit; it seems likely that the remaining 38 percent of CCC Tax Credits will be fully claimed within the available 20 year carryforward period.

Analysis of Iowa Charitable Conservation Contribution Tax Credit

- The Iowa Natural Heritage Foundation (INHF) and the Nature Conservancy (TNC) provided annual contribution counts and total donation values from 1999 through 2014. The data from these two heavy participants in the CCC Tax Credits indicate that since the introduction of the tax credit, their average contributions increased from 16 to 25 per year. However, with the expansion of the federal deduction effective only two years earlier, it is not possible to assign causation of the increased amount of contributions to the introduction of the Iowa CCC Tax Credit.
- Of the 148 total contributions reported by the INHF and TNC, only 56 contribution projects, or 37.8 percent, utilized the CCC Tax Credit. Underutilization could reflect several reasons. Due to the nonrefundable nature of the credit, the CCC Tax Credit is not beneficial to nonresidents or elderly residents with little to no Iowa tax liability. However, the tax credit may have also incentivized some donors to make contributions at a younger age while they have Iowa tax liability to offset with the nonrefundable CCC Tax Credit.
- The estimated value of land contributed and claimed under the CCC Tax Credit equals \$1,830 per acre, including only those tax credits where acreage is reported. The sum of CCC Tax Credits earned and the estimated value of the itemized deductions divided by acres contributed equals \$464 per acre, or approximately 25 percent of the appraised fair market value of the land contributed. This falls below the full 50 percent of the appraised fair market value of the land contributions claimed under the CCC Tax Credit in part because 31.4 percent of contributions exceeded the \$200,000 tax credit threshold, and in part because the CCC Tax Credit, in the case of bargain sales, is only available for the difference between the appraised fair market value and the agreed upon bargain sale price.
- Alternatively, to measure the marginal cost of the CCC Tax Credit to the General Fund, the reduced revenues resulting from claims were compared to the cost of charitable itemized deductions that would be available if the CCC Tax Credit did not exist. The introduction of the CCC Tax Credit reduced revenues to the State General Fund by an estimated \$2.2 million or \$236 per acre, approximately one-eighth of the valuation of contributed land.

I. Introduction

Many states, such as Iowa, grant tax benefits for charitable property contributions that comply with federal requirements. The Iowa Charitable Conservation Contribution Tax Credit was first available in tax year 2008. This nonrefundable tax credit, equal to 50 percent of the value of the contribution, can be claimed by individual and corporation income taxpayers who make an unconditional charitable contribution of a qualified real property interest located in the state of Iowa to a qualified organization exclusively for conservation purposes. Charitable conservation contributions are voluntary restrictions on the use of land negotiated by a landowner and a private charitable conservation organization or government agency chosen by the landowner to hold the contribution.

Section II of the study discusses the Charitable Conservation Contribution Tax Credit and how it works. Section III provides information about similar tax credits in other states. Section IV contains a review of literature on the topic of charitable conservation contributions. Section V presents data regarding Charitable Conservation Contribution Tax Credit contributions, claimants, and claims. Section VI provides some analysis of the Charitable Conservation Contribution Tax Credit and section VII concludes this study.

II. Charitable Conservation Contribution Tax Credit

The Charitable Conservation Contribution (CCC) Tax Credit is equal to 50 percent of the fair market value of an unconditional charitable contribution of a qualified real property interest located in the state of Iowa. The maximum amount of the tax credit eligible for a taxpayer is \$100,000, limiting eligible contributions to \$200,000. The amount of the contribution for which the tax credit is claimed shall not be claimed as an itemized deduction for charitable contributions for Iowa income tax purposes. However, if the CCC Tax Credit contribution's fair market value is above \$200,000, the excess can be claimed as an itemized deduction. For example, if a taxpayer donates a qualified charitable contribution with a fair market value of \$350,000, the taxpayer can claim \$100,000 as a CCC Tax Credit (50 percent of the first \$200,000) and \$150,000 as an itemized deduction for Iowa. The taxpayer can claim the full value as a federal itemized deduction.

Charitable Conservation Contribution Tax Credits do not require an award. Taxpayers claim the credit, if eligible, on the individual income or corporation income tax return. In the initial tax year when the CCC Tax Credit is earned, the taxpayer must include with their Iowa tax return a copy of the federal Form 8283 and any other supporting documents required to claim the deduction on the federal return. Charitable Conservation Contribution Tax Credits are not transferrable and therefore may not be sold or traded. For a contribution made by a pass-through entity, the tax credit must be distributed to each owner based upon his or her share of ownership. CCC Tax Credits are nonrefundable, which means that the amount of tax credit that can be claimed in any tax year is limited to the taxpayer's tax liability. Any tax credit in excess of the tax

liability may be carried forward for up to 20 years or until the credit is claimed in full, whichever comes first.

Charitable conservation contributions are voluntary restrictions on the use of land negotiated by a landowner and a private charitable conservation organization or government agency chosen by the landowner to hold the easement. Holding a charitable conservation easement confers the right to enforce the restrictions imposed by the agreement. The terms of charitable conservation contributions are entirely up to the landowner and the charitable organization to negotiate. However, the Internal Revenue Code establishes requirements that must be met if the contribution of property is to qualify for federal tax benefits and by extension the Iowa CCC Tax Credit.

Charitable conservation easements do not generally provide third parties or the public with the right to access or use the land subject to the agreement; however, the grantor of the charitable contribution may provide for public use if he or she chooses. Unless the purpose of the contribution is the conservation of some feature that is meaningless without public access, such as the preservation of a scenic view, no public access is required to qualify for tax benefits.

The protection of farmland, ranch land, timberland, and open space, particularly where such land is under residential or commercial development pressure and where local planning regulations identify such activities as valuable to the community, are typical objectives of conservation contributions. In addition, the protection of wetlands, floodplains, important wildlife habitat, scenic views, and historic land areas and structures are also appropriate purposes for property contributions.

There are several types of contributions that qualify for the tax credit. The types of contributions that will be addressed in this study are conservation easement, bargain sale, and an easement bargain sale. The type of contribution can drive the fair market value used for the calculation of the amount of the tax credit.

A conservation easement is a legal agreement between a landowner and a conservation group that permanently limits the uses of the land by the current landowner and all future owners in order to protect specified conservation values. The land remains on the property tax rolls with the liability remaining with the landowner. The tax credit would equal 50 percent of the difference in appraised value of the land due to the easement restrictions.

A bargain sale is a sale of land or interest in land to a tax-exempt conservation organization at a price less than the full market value. Bargain sales or land donations to conservation agencies generally help to create new public parks and wildlife areas. Depending upon the use of the land by the organization, the land may be taken off of the property tax rolls. In this case, the tax credit would equal 50 percent of the difference between the fair market value and the agreed upon bargain sale price of the land.

An easement bargain sale allows a landowner to receive partial compensation as an incentive to protect land with a conservation easement. An example of this practice would be if the receiving organization contributed a sum of money for the donor to use for legal fees or maintenance fees for the contributed land. In this case, the tax credit would equal 50 percent of the appraised value of the land subject to the easement minus the amount of partial compensation from the receiving organization.

III. Tax Credits for Charitable Conservation Contributions across the United States

A. Federal Incentives for Conservation Contributions

The federal conservation easement tax deduction is available to individuals, corporations, or partnerships who contribute a charitable land conservation easement to a qualified charitable organization. In general, the federal tax code limits the deductions of all types of charitable contributions. In the case of a charitable conservation contribution, an individual's deduction may not exceed 50 percent of the individual's adjusted gross income less all other charitable contributions. For corporations, the maximum amount allowable for any tax year is 10 percent of the corporation's income for that year. An individual who is a qualified farmer or rancher may deduct up to 100 percent of the individual's contribution base against federal tax liability based on federal AGI. However, if the property donated by the farmer is used for agriculture or livestock production, the contribution must have a restriction that the land continues to be available for that production. For most charitable contributions, individuals and corporations are permitted to carryforward unused charitable deductions for up to 5 years. For qualified conservation contributions, taxpayers are allowed to carry forward unused deductions for 15 years.

The federal deduction levels and limitations have changed over recent history. The most recent period of increased deduction value occurred during tax years 2006 through 2009, when the deduction limit increased from 20 to 30 percent of AGI and a 5 year carryforward up to 50 percent of AGI and a 15 year carryforward. The additional tax benefits for charitable conservation contributions was one of the “extenders” that the Congress repeatedly extended for short periods of time since 2010, including two years from 2010 through 2011, two years from 2012 through 2013, and one year in 2014. This created uncertainty about the availability of the expanded deduction from year to year for almost a decade. However, in December 2015, the higher deduction limit and longer carryforward period were made permanent.

B. State Incentives for Conservation Contributions

Along with Iowa, thirteen other states currently offer income tax credits for charitable conservation contributions to charitable organizations or government entities (see Table 1). Twelve states, California, Colorado, Connecticut, Delaware, Georgia, Iowa, Maryland, New Mexico, New York, North Carolina, South Carolina, and Virginia, offer income tax credits for contributions of land without specifying the topographical makeup of the land. However, two states, Arkansas and Massachusetts, specify that the conservation contribution must be a riparian zone or wetland area. Six states, Arkansas,

Colorado, Connecticut, Iowa, Massachusetts, and New Mexico, offer a tax credit of 50 percent of the appraised fair market value of the contributed property. California offers the highest tax credit percentage at 55 percent of the appraised fair market value of the contributed property. For Maryland, the credit is equal to the difference in the fair market value of the property reduced by any payments received for the easement. Thus the tax credit rate is essentially 100 percent, although the tax credit amount is limited to the lesser of the individual's state tax liability for that year or \$5,000, per owner who qualifies to claim the credit. The other six states offer a tax credit rate between 25 percent and 40 percent.

Many states have caps on the amount of tax credit a taxpayer is eligible to earn. For example, Arkansas and Delaware, cap their tax credit at \$50,000 per taxpayer; Virginia's cap will rise from \$20,000 to \$50,000 in tax year 2017. In addition, Arkansas limits claims to the lower of tax liability or \$5,000 per year over the 9 year carry forward period. Massachusetts has a \$75,000 cap and limits taxpayers to claim only once every four tax years. Alternatively, South Carolina has a cap of \$250 per acre of land, or a total of \$52,500 per taxpayer. Iowa has the third most generous taxpayer cap at \$100,000, with New Mexico and North Carolina at \$250,000 per contribution and Colorado at \$375,000 per contribution, which leads the states with caps on the amount of tax credits that can be earned in a tax year for a conservation contribution. New York and Maryland have the lowest taxpayer cap of \$5,000. Most generous are California and Connecticut with no cap on how much tax credit the donor can earn. The two states that currently have limits on annual claims across all taxpayers are Delaware (\$1 million) and Massachusetts (\$2 million); Georgia will incorporate a \$30 million statewide cap beginning on January 1, 2016. Georgia is also unique in that it has a separate tax credit limit for individuals (\$250,000) and corporations and partnerships (\$500,000).

The tax credits available from most state governments are nonrefundable credits, meaning that the taxpayer can only make a claim against the tax credit earned in a year when the taxpayer has a tax liability. The tax credit claim is then limited to an amount equal to the amount of tax liability owed. Massachusetts and New York are the only states that have refundable credits for conservation contributions. All states, save New York, also provide carryforward for the taxpayer to be able to claim unused portions of the initial tax credit earned for a determined number of future tax years. Iowa provides the second most generous carry forward provision of 20 years. This matches the amount of carryforward allowed by Colorado and New Mexico. South Carolina provides the most generous carryforward provision by allowing claimants to carryforward unused credits indefinitely until the full credit is claimed. Five states, Colorado, Georgia, New Mexico, South Carolina, and Virginia, allow tax credits to be transferred, or sold, to other taxpayers.

IV. Literature Review

Little research can be found that addresses state tax credits, with conservation contribution tax credits as no exception. Some authors have discussed the impact of the federal deduction for land easements on behavior. Other relevant literature attempts to

measure the social benefits of land conservation, the most likely purpose underlying the tax incentive in Iowa and other states. The following will briefly discuss the aforementioned literature to provide some additional understanding of the CCC Tax Credit.

As previous tax analysts have posited, tax benefits can be a substantial factor in motivating easement contributions. For a landowner who is not interested in the development potential of their land, a conservation easement can be an effective way of turning that development potential into cash while maintaining possession of their land. The reason for continued, bi-partisan support in both Congress and state legislatures for conservation easements is that they achieve the protection of many natural resources valuable to a broad range of citizens, without governmental regulation or use of public funds for the acquisition of land or for land management. And in many cases the land remains on the local property tax rolls. Timothy Lindstrom (2005) has stated however, that the aggressive use of federal tax incentives by some individuals and organizations has led the IRS to crack-down on aggressive conservation easement appraisals and certain types of conservation buyer transactions. As pointed out in a recent Wall Street Journal article (Rubin, 2016), the IRS has challenged many golf courses that have claimed the federal deduction for conservation. These challenges have ended up in the federal tax courts and lead to peculiar and contentious cases. In 2009 the IRS attempted to challenge a \$30.6 million deduction for a golf course in Alabama. The IRS eventually had to concede that the course technically qualified for the break. However, there are other golf course deduction cases that are still before the federal tax courts.

The literature also points out that unlike most contributions, a qualified charitable conservation contribution can have significant costs to complete the transaction. According to a study by Josh Eagle (2011) a donor will have more incentive to donate a piece of property where, all other things being equal, the transaction costs associated with donating it are lower. Federal tax law only allows easement donors to take deductions for contributions made to "qualified organizations." That organization must be willing and able to accept the contribution. If it is difficult to find an organization willing and able to accept a contribution, donors may make a property contribution of lesser value or none at all.

Once the donor has located a willing organization, they will usually spend time, and possibly, attorney's fees, negotiating the terms of the easement with that organization. Finally, if they want a federal tax deduction, they will have to pay an appraiser to complete an appraisal of the land. With these potentially significant transaction costs that accompany a charitable conservation contribution, a subsidy for the contribution, in the form of a tax credit, can offset those transaction costs.

As noted above, the likely purpose behind the creation of the CCC Tax Credit is to incentivize behavior that can create social benefits. Charitable conservation contributions in Iowa can create substantial social benefits if they contribute to efforts to reduce runoff from Iowa land. Following the Environmental Protection Agency's recommendation, Iowa is the first in the nation in developing a strategy paper to reduce

nutrient loads through waterways to the Gulf of Mexico. The Iowa Nutrient Reduction Strategy (NRS) sets a goal of reducing the agricultural nonpoint source generated nitrogen (N) load by 41 percent and phosphorus (P) load by 29 percent in the waterways across 21 million acres of cropland in Iowa (IDALS, 2014). The strategy paper evaluates the cost and performance of various agricultural conservation practices with different N and P load reductions. What is much more difficult to measure are the social benefits from the conservation efforts.

Mainul Hoque (2015) produced a study on the economic valuation of ecosystem benefits from conservation practices in Iowa. The direct local benefit of reduced N and P load under the Iowa NRS is improved water quality in Iowa waterbodies, which will offer a number of ecosystem services. To derive the monetary value of benefits from water quality improvement, the author considers three use values: recreation opportunities, residential housing near the lakes, and drinking water purification cost. Additionally, he evaluates three co-benefits generated from nutrient reduction strategies: offsite benefits from reduced soil erosion, enhanced wildlife habitat, and greenhouse gas emission reductions.

Hoque (2015) explains that when water quality improves due to the NRS, recreationists from all over the state and residents living close to those lakes are expected to benefit directly. The value of water quality improvement to local residents from the Iowa NRS is in the range of \$14.6-\$35.4 million in 2013 dollars. According to the study, the six lakes that benefit most from appreciation in aesthetic value are West Okoboji Lake, Saylorville Lake, Coralville Lake, Storm Lake, Easter Lake and Clear Lake. In addition, the total aesthetic benefits accrued by residents surrounding these lakes are at least \$1 million. The study claims that water quality improvement would generate recreation benefits in the range of \$5-\$22 million. Similarly, providing a safe drinking water supply will be less costly due to reduced nutrients and sediments in the raw water.

The study's estimation method of the economic benefit of the practices described above follows a benefits transfer approach and excludes private benefits from the analysis, or results that only benefit the landowner conducting the conservation practice. Besides the direct benefit of reduced nutrients in Iowa's waterbodies, these practices generate a large amount of benefits through other ecosystem services including reduced soil erosion, reduced carbon in the atmosphere, enhanced wildlife, and increased biodiversity. Iowans' welfare will improve from these ecosystem improvements through increased opportunities for outdoor recreation, aesthetic values of improved water quality, better quality for drinking water, and reduced greenhouse gas emissions, among others. Hoque (2015) believes that the yearly aggregate monetary values for Iowans from the four ecosystem services range from \$88-\$257 million. However, he notes that the benefit estimates are conservative and that his projection estimates reveal that including the global benefits from additional carbon sequestered in Iowa can make the total benefit estimates 4 to 19 times larger.

V. Analysis of Charitable Conservation Contribution Tax Credit

This section of the evaluation study analyzes the data available to the Iowa Department of Revenue as it relates to charitable conservation contributions associated with CCC Tax Credit claims. This section is separated into three subsections: contribution data, which is comprised of self-reported data provided by the taxpayer and charitable organizations; claimant characteristics, which is comprised of demographic information available in tax return data; and finally claim data, which is comprised of data about the utilization of the tax credit. All dollar amounts in this chapter are reported in nominal terms with no adjustment for inflation.

A. Charitable Conservation Contribution Tax Credit Contributions

A real property contribution to a charitable organization is required for taxpayers to be eligible to claim the CCC Tax Credit. Based on information gathered from the federal Form 8283 it is possible to observe many key characteristics about the charitable conservation contributions. Federal Form 8283 is provided by CCC Tax Credit claimants with their Iowa tax return. Unfortunately, taxpayers did not include information about acres or land value for 66 contributions, nearly 48 percent of all contributions. Those contributions are often removed from the following analysis.

Taxpayers making CCC Tax Credit claims with complete contribution information available contributed over 9,000 acres of Iowa land, valued at over \$19 million from 2008 through 2013 (see Table 2). For 2008, an average of 70 acres per contribution was reported, with an average land value of nearly \$119,000, or \$2,128 per acre. Tax year 2010 saw the highest value of contributions at nearly \$5.8 million, with an average per acre value of over \$3,000. Contributions completed in 2011 covered the largest area of land at over 3,500 acres, with an average of 254 acres per contribution. Of the total sample analyzed across all six years in this study, 22 percent of the 72 contributions either met or exceeded the \$100,000 per taxpayer per year tax credit cap. Forty percent of contributions either met or exceeded the maximum tax credit threshold in 2011.

Contributions to the Iowa Natural Heritage Foundation and the Nature Conservancy account for nearly 60 percent of the initial tax credit amounts earned during the first six tax years (see Table 3). The contribution to these organizations account for over 8,000 acres of reported land contributed and over \$14 million in land value. After the Iowa Natural Heritage Foundation and the Nature Conservancy, county conservation boards and other organizations received 13.9 percent of contributions. Twenty-eight percent of contributions did not disclose the organization utilized for the charitable conservation contribution. The other 72 percent of CCC Tax Credit contributions were made to a total of 14 different organizations.

As noted in Section II, there is a variety of methods by which a landowner can make a qualifying contribution. The most utilized method of conservation contribution, based on available data, is an easement donation which accounts for 38.0 percent of the number of contributions and 51.3 percent of the total CCC Tax Credits earned (see Table 4). Easement donations totaled over 6,000 acres accounting for 64.2 percent of acres contributed, at a land value of \$9.5 million. Bargain sales are the second most utilized

method of conservation contribution, at 17.0 percent of contributions and 12.2 percent of total credits earned. Bargain sales totaled over 1,700 acres of contributed land accounting for over 18 percent of acres contributed, at a land value of \$4.0 million. Recall that the CCC Tax Credit is based on the difference between the fair market value and, when relevant, the agreed upon bargain sale price of the land. In one-third of the bargain sale cases, the full fair market value was available and is included in the total reported land value; the land value reported for the other two-thirds of the bargain sales is simply two times the initial earned tax credit. Therefore, the reported \$4.0 million is an understatement of the full fair market value of the contributed land. Likewise, the value of the contributions for the small share of easement bargain sales is an understatement.

Another area of interest with regard to Charitable Conservation Contribution Tax Credits and the corresponding contributions is where the contributed land is located. Therefore, the county in which the land was contributed was identified for 53.6 percent of the initial earned CCC Tax Credits where the location of the land was disclosed. As reported by the taxpayers on their federal Form 8283, contributed land is identified in 36 Iowa counties (see Figure 1). Based on available data, six counties had over 500 acres contributed with Marion County and Mahaska County having the highest acres of contributed lands. Eleven counties had between 150 and 499 acres of contributions, eleven counties had between 80 and 149 acres, and the remaining eight counties had 1 to 79 acres.

The areas of the state in which the contributed acres are located have geological or geographical significance. A heavy concentration of land contributions occurred in the Northeastern corner of Iowa that is referred to as the Blufflands (see Figure 1). The Neal Smith Prairie and Lake Red Rock area of South Central Iowa is another area in the state where an abundance of land contributions are found. Numerous acres of contributed land were also identified in the Okoboji Lakes region in northwest Iowa, as well as, the Loess Hills region along the western border of the state.

B. Characteristics of Charitable Conservation Contribution Tax Credit Claimants

During tax years 2008 through 2013, 138 unique CCC Tax Credits were reported by individual income tax taxpayers on the IA 148 Tax Credits Schedule (see Table 5).¹ The IA 148 Tax Credit Schedule allows the Department of Revenue to track the specific tax credit type and the amount of tax credits claimed from the “Other Nonrefundable Iowa Credits” line on the IA 1040 Iowa Individual Income Tax return. The IA 148 also includes information on initial tax credits earned for the current tax year and the tax credits carried forward between tax years. In tax year 2008, the first year the tax credit could be claimed, 14 tax credits totaling \$713,714 were earned by individual income taxpayers, with an average initial earned CCC Tax Credit of \$50,980. With the high value of tax credits earned per contribution, many taxpayers are unable to fully apply those credits against tax liability in their first year of claim, resulting in carryforward for future tax

¹ Due to the limited number of corporation income tax taxpayers claiming the CCC Tax Credit, the remainder of this section excludes tax credits reported on corporation income tax returns to protect the confidentiality of taxpayer information.

years. The usage and carryforward of tax credits will be discussed later in this section, but first the analysis considers total tax credit amounts earned in the initial tax year of claim.

The highest number of initial earned Charitable Conservation Contribution Tax Credits was 36, reported in tax year 2010 (see Table 5). Between tax years 2008 and 2013, the average number of tax credits reported for new contributions was 23. Between tax years 2008 and 2013, over \$6.2 million in initial earned CCC Tax Credits have been reported as available to be claimed. The total initial earned credit amounts grew each of the first three years, from about \$714,000 in 2008, growing to \$850,000 in 2009, and topping out at \$1.5 million in CCC Tax Credits in 2010. The amount steadily declined the next three years. On average, the amount of new tax credits earned each year is just over \$45,000.

Characteristics of CCC Tax Credit claimants were pulled from tax returns filed in the same year of the initial claim. The initial earned CCC Tax Credits were aggregated by household so if a taxpayer and/or the taxpayer's spouse earned more than one tax credit within a tax year by making multiple eligible contributions, the household's initial earned tax credit equals the total of all initial earned tax credits. If a claimant used the filing status married filing separately on the same return, both spouses' adjusted gross incomes were summed to create a household adjusted gross income (AGI). This analysis considers claimants in tax years 2008 through 2013 and compares them to all taxpayers in the most recent complete tax year available, 2013. Taxpayers who earn Charitable Conservation Contribution Tax Credits tend to have higher AGI than other taxpayers (see Figure 2). Almost 75 percent of households with CCC Tax Credits earned report AGI above \$100,000 compared to less than 20 percent of all taxpayers in 2013 (see Table 6).

Filing status is another characteristic by which Charitable Conservation Contribution Tax Credit claimants can be analyzed. Nearly one-third of households with initial earned CCC Tax Credits are households in which a married couple files separately on a combined return (see Table 7). Those households account for 30.1 percent of the tax credit dollars initially earned and the average household tax credit of almost \$44,000. The filing status with the highest average initial earned credit amount is married filing jointly. While married filing jointly households account for 40.6 percent of the number of tax credit initial claims, that same filing status accounts for 44.7 percent of the dollar amount of tax credits claimed, with an average initial claim of almost \$50,000 per household. Compared to all taxpayers in 2013, donors are much more likely to be married filing jointly and less likely to be single. This is in contrast to all taxpayers in 2013 where only 16.2 percent of taxpayers filed married joint and the most common filing status was single at 40.1 percent (the head of household filing status comprises most of the remaining taxpayers filing in 2013 while no donors reporting that filing status).

Taxpayers who earn Charitable Conservation Contribution Tax Credits tend to be older than 55 years of age. Claimants of the CCC Tax Credit above 55 years of age account

for nearly 75 percent of the number of tax credits earned which totaled \$4.8 million (see Table 8). Claimants of the CCC Tax Credit above 65 years of age account for nearly 50 percent of the number of tax credits earned, totaling \$3.1 million in credits. This shows that elderly taxpayers are much more likely to earn CCC Tax Credits. However, elderly taxpayers are more likely to have a limited tax liability.

Households that earned CCC Tax Credits were located in 39 different counties and outside of the State of Iowa at the time the CCC Tax Credit was initially earned. Of the 138 households who earned the CCC Tax Credit, 83.3 percent were Iowa residents and accounted for 85.7 percent of the total CCC Tax Credits earned (see Table 9). No matter the residency of the claimant, all claimants must have Iowa income in order to claim the credit due to the nonrefundable provision associated with the credit.

C. Charitable Conservation Contribution Tax Credit Claims

Because each contribution generally results in a large earned CCC Tax Credit, many of the nonrefundable CCC Tax Credits are not fully claimed in the year they are initially earned and are carried forward for multiple tax years. In the first six years, 405 unique CCC Tax Credit claims were made by taxpayers (see Table 10). Those claims totaled just over \$2.9 million. Taxpayers are counted multiple times if they had initial claims in multiple years and are counted in each year in which they made a claim to a portion of their initial earned tax credit. The number of claims increased each year until tax year 2013 when the first decrease was seen in the number of tax credit claims. However, at the time of this evaluation, tax credit claim collection and verification for tax year 2013 is incomplete. Nearly \$200,000 in CCC Tax Credits was claimed in the first tax year the credit was available and peaked at over \$985,000 in 2012.

As mentioned above, taxpayers do not always have enough tax liability to fully utilize the nonrefundable tax credits in the year that they are first earned. The CCC Tax Credits can be carried forward for 20 tax years before they expire. For example, any 2008 Charitable Conservation Contribution Tax Credit award not claimed by the 2028 tax year will expire. Tracking claims identifies patterns that help forecast the fiscal impact of future earned tax credits. The amount of CCC Tax Credit carried forward increased each year between 2008 and 2011 before declining in 2012, but rebounded in 2013 (see Table 10).

For CCC Tax Credits initially earned in 2008, 28.0 percent were claimed in the first year and after six tax years, only 27.2 percent remains to be claimed (see Table 11). The amount remaining after claims in the initial year of earning the CCC Tax Credit understandably increases from tax year to tax year. While 35.5 percent of the initial CCC Tax Credit amount earned in 2009 remained after five tax years, 85.8 percent of 2013 CCC Tax Credits have yet to be applied against claimants' income tax liability after just one tax year. Considering initial earned credits over all available tax years, the average percent of CCC Tax Credit amount claimed decreases each year from the first year until the fifth year before experiencing a small increase in the sixth year. The average share of initial earned CCC Tax Credit amount claimed in the first year is 23.4 percent, falling to 13.6 percent in the second year and down to just over 3 percent in the

fifth and sixth years. Summing to around 62 percent over the first six years, it seems likely that the remaining 38 percent of CCC Tax Credits will be fully claimed within the available carryforward period.

VI. Analysis of Iowa Charitable Conservation Contribution Tax Credit

A. Utilization of CCC Tax Credit

A tax credit should result in more of the activity that it subsidizes. Therefore a key question surrounding the CCC Tax Credit is whether it has increased the number and value of charitable conservation contributions in Iowa. One way to attempt to measure this is to compare the number and value of contributions within Iowa before the CCC Tax Credit was available in 2008 to the number and value of contributions after. Although data are available for all contributions for which the CCC Tax Credit was claimed, with many organizations participating in these transactions it is unknown how many contributions were made statewide prior to the tax credit or after the tax credit for which the tax credit was not claimed. Fortunately, the Iowa Natural Heritage Foundation (INHF) and the Nature Conservancy (TNC) provided annual contribution counts and total donation values from 1999 through 2014.² As seen in Table 3, these two organizations dominate the contributions for which CCC Tax Credits have been claimed. Therefore, it is reasonable to attempt to answer this question relying on data from the two organizations.

Upon reviewing the contribution data from the INHF and TNC, it appears that annual counts and the amount of contributions are less sporadic following the introduction of the CCC Tax Credit in 2008. Prior to the introduction of the CCC Tax Credit, there was an average of 16 contributions per year (see Table 12). After the introduction of the tax credit, average contributions per year increased to 25. The average value of land contributed per year was approximately \$3.3 million prior to the introduction of the CCC Tax Credit and increased to \$4.0 million after the introduction of the tax credit.

As noted in the discussion of the federal incentives in Section III, increases in the generosity of the federal deduction allowed for this type of contribution occurred two years before the CCC Tax Credit was enacted. The average contributions per year have increased to 24 since the federal changes compared to 14 contributions prior. The average value of land contributions per year was approximately \$1.6 million prior to the expansion of the federal deduction and increased to \$5.3 million per year since the expansion of the federal deduction. Therefore, it is not possible to attribute the increase in contributions as having been caused by the introduction of the CCC Tax Credit alone.

Another observation is that the number of contributions for which CCC Tax Credits were claimed is considerably fewer than the number of charitable conservation contributions to the INHF and TNC in 2008 and later (see Table 12). Over the six available years, of the 148 total contributions reported by the INHF and TNC, only 56 contribution projects, or 37.8 percent, utilized the CCC Tax Credit. This low utilization rate raises the

² Thank you to Anita O’Gara for compiling the INHF Annual Contribution Data and Lisa Runkel for compiling the TNC Annual Contribution Data for this study.

question; would some of the contributions resulting in a CCC Tax Credit have occurred even in the absence of the 50 percent tax credit?

Underutilization of the CCC Tax Credit could reflect several reasons. Due to the nonrefundable nature of the credit, the CCC Tax Credit is not beneficial to nonresidents or residents with little to no Iowa tax liability. However, INHF staff suggested that the tax credit does encourage some taxpayers to make contributions at a time that they might otherwise have been unable or unwilling to do so. In particular, donors are incentivized to make contributions at a younger age while they have Iowa tax liability to offset with the nonrefundable CCC Tax Credit.

B. State Costs and Social Benefits under the CCC Tax Credit

Charitable conservation contributions that qualify for the CCC Tax Credit result in costs to the State General Fund that hopefully are less than the resulting social benefits. Based on information gathered from the federal Form 8283 provided by claimants, the value of the land that has been contributed under the CCC Tax Credit can be estimated. Land values considered in this section vary from those discussed in Section V. Only the subset of claims with complete contribution information including acres donated are analyzed in this section, whereas in Table 2 estimated land values for tax credit claims with incomplete information were included. Summing the fair market land values, when available, and dividing by the total number of acres donated results in a value of \$1,830 per acre for those contributions with acreage information (see Table 13).³ That per acre land value is one potential measure of the social benefits of the CCC Tax Credit.

No attempt was made to incorporate other potential social benefits such as Hoque (2015) discussed. The environmental benefits that may result from the charitable conservation contributions are difficult to measure. Although the INHF and TNC point out that conservation efforts resulting from some of the contributions for which the CCC Tax Credit was claimed do increase permanent wildlife habitat including public lands that provide community attractions and recreation; and they reduce the amount of siltation, nitrates, and phosphorus in the water ways and reduce the amount of government costs to treat or restore affected waterways.

The previous benefits measure can be compared to the estimated cost to the State of Iowa General Fund for these same contributions. That cost includes reduced tax revenues resulting from claims to the CCC Tax Credit. In addition for any land value above the \$200,000 tax credit threshold, the cost to the State General Fund includes an estimated income tax reduction resulting from the additional charitable contribution itemized deduction. Potential additional social costs to accommodate the charitable contributions are not taken into account in this analysis. Those social costs would include the cost to contributors to get a land appraisal completed, hiring a

³ Recall that two-thirds of the bargain sale contribution land values analyzed in this study are considered to be undervalued because available data includes only the tax credit amount which is the difference between the fair market value and the bargain sale price. The ideal measure would be the full fair market value.

representative to negotiate the contribution with the charitable organization, or the cost to utilize an accountant to ensure State and federal tax compliance. Another social cost not considered is the cost to the charitable organizations to coordinate and complete these contributions. The measures of social cost that are presented reflect only the direct impact on the State General Fund from the tax incentives offered.

As discussed in Section V, less than one-quarter of CCC Tax Credits are claimed in the year in which they are initially earned but, on average, over 60 percent have been claimed within the first six years of the 20 year carryforward period. Based on that claim data, it appears that most taxpayers will be able to fully utilize the tax credit during the 20 year carryforward period. So the measure of the cost of the CCC Tax Credit to the State General Fund is assumed to equal the full amount of the initial earned tax credit. To simplify the analysis, the credit amounts expected to be claimed in years after the contribution were not discounted for the time value of money which avoids extensive assumptions about the timing of future credit claims as well as timing of itemized deductions.

For the 31.4 percent of CCC Tax Credits where the contributions exceeded \$200,000, several assumptions are necessary to estimate the full cost to the State General Fund.⁴ Iowa couples with the federal tax code in most cases, so the limitation that the itemized deduction for charitable conservation contributions cannot exceed 50 percent of AGI would also apply. It is assumed that none of the deductions are subject to the limit, or taxpayers will be able to fully use any excess deductions within the available 15 year carryforward period, which result in the same measure without the complication of discounting. Second, the tax benefit from a deduction differs based on the applicable marginal tax rate, so it is necessary to assume a marginal tax rate that the taxpayers faced when claiming itemized deductions. To simplify the analysis, the cost to the General Fund of the resulting itemized deductions was assumed to equal the contribution amount above the \$200,000 tax credit threshold times 8.98 percent, which is the highest Iowa marginal tax rate.⁵

The sum of initial CCC Tax Credits earned and the estimated cost of additional itemized deductions in the tax year of the contribution was divided by the number of donated acres to calculate an estimated per acre cost to the State General Fund. The result was \$464 per acre, or approximately 25 percent of the per acre land value of the land contributed. This falls below the full 50 percent of the appraised fair market value of the land contributions claimed under the CCC Tax Credit in part because of the aforementioned 31.4 percent of contributions that exceeded the \$200,000 tax credit

⁴ The share of contributions that exceeds the CCC Tax Credit threshold is higher in this analysis than presented in Table 2. This reflects a higher proportion of large donations that exceed the threshold having more complete information than claims below the threshold.

⁵ With federal deductibility in Iowa, the deduction at the federal level would raise Iowa taxable income, reducing some of the State cost of the contribution. For simplicity, that impact was ignored in the measurement of State costs.

threshold, and in part because the CCC Tax Credit, in the case of bargain sales, is only available for the difference between the appraised fair market value and the agreed upon bargain sale price. This suggests that the State General Fund will be reduced by an estimated \$4.2 million in return for contributions made through tax year 2013 with a market value of at least \$16.9 million. However, this measure of the impact on the State General Fund considers the impact of all related tax incentives. Another impact of interest is only the marginal cost of the CCC Tax Credit.

To measure the marginal cost of the CCC Tax Credit to the State General Fund, the reduced revenues resulting from claims must be compared to alternate tax incentives that would be available if the CCC Tax Credit did not exist. This was accomplished by measuring the difference between the charitable itemized deductions which would have been claimed in lieu of the CCC Tax Credit and the amount of CCC Tax Credits earned in those same years. Only itemized deductions on the first \$200,000 of land value that is eligible for the CCC Tax Credit were considered. Again it was assumed that the Iowa itemized deductions would be fully available to the taxpayer over time, despite the 50 percent AGI and 15 year carryforward limits.

The charitable contributions itemized deductions were estimated to total \$1.5 million over tax years 2008 through 2013 if all of the same land contributions for which the CCC Tax Credit was claimed would have been made during those years (see Table 14). Alternatively, CCC Tax Credits totaled \$3.6 million across those same tax years.⁶ Therefore, the introduction of the CCC Tax Credit reduced revenues to the State General Fund by an estimated \$2.2 million or \$236 per acre. The analysis suggests that the introduction of the CCC Tax Credit had a cost to the State General Fund equal to approximately one-eighth of the valuation of contributed land. Therefore if only \$2.2 million of the value of charitable conservation contributions for which the CCC Tax Credits were claimed were induced by the tax credit's incentives, then the tax credit is at least breaking even for the State. This suggests that the CCC Tax Credit is a cost effective way to help conserve Iowa land.

VII. Conclusion

This evaluation study provides an overview and analysis of the Iowa Charitable Conservation Contribution Tax Credit. The goal of the CCC Tax Credit is to encourage land owners to make charitable conservation contributions in order to improve and protect Iowa's natural ecosystems. Taxpayers earn the 50 percent CCC Tax Credit by establishing restrictions on the use of land with a private charitable conservation organization or government agency which holds the contribution.

In tax years 2008 through 2013, a total of \$6.3 million of CCC Tax Credits were earned, with an average of 23 new tax credits averaging \$1 million per year. However, due to the nonrefundable nature of the credit, on average, less than \$500,000 in CCC Tax Credits have been applied against tax liability per tax year for the first six years of the

⁶ Recall that this amount falls below the initial earned CCC Tax Credits presented in Table 5 because it only includes those contributions with acreage information.

program, with claims totaling just under \$3.0 million. Charitable conservation contributions claimed under the CCC Tax Credit cover over 9,000 acres and have been reported in 36 Iowa counties.

Since the introduction of the tax credit, average contributions to the two most utilized conservation organizations increased from 16 to 25 per year. The average value of land contributed per year was approximately \$3.3 million prior to the introduction of the CCC Tax Credit and increased to \$4.0 million after the introduction of the tax credit. However, with the expansion of the federal deduction effective only two years earlier, it is not possible to assign causation of the increased amount of contributions and land value to the introduction of the Iowa CCC Tax Credit.

Estimates of the marginal cost of the CCC Tax Credit to the State General Fund compared to the estimated value of land contributed under the tax credit suggest it is a cost effective measure to promote conservation of Iowa's natural ecosystem.

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**Iowa's Charitable Conservation Contribution Tax Credit
Tax Credit Program Evaluation Study
Tables and Figures**

Table 1. States with Tax Credits for Charitable Contributions for Conservation Purposes

State	Tax Credit Name	Eligible Contributions	Tax Type	Tax Credit Rate	Tax Credit Cap	Transferable	Refundable	Carry Forward	Dates Applicable
Arkansas	Wetland Riparian Zone Conservation Tax Credit	Donation of conservation easements in wetland and riparian zones	Corporation Income Tax Individual Income Tax	50% of the easement's appraised value	The taxpayer is limited to claiming the lesser of the taxpayer's state tax liability or \$5,000 per tax year \$50,000 per taxpayer	No	No	9 Years	January 1, 2009
California	Natural Heritage Preservation Tax Credit	Donation of land, an easement, or water rights	Corporation Income Tax Individual Income Tax	55% of the fair market value of the donated property	No Cap	No	No	For donations made before January 1, 2015: 8 Years For donations made after January 1, 2015: 15 Years	Enacted: January 1, 1983 Sunset: June 30, 2020
Colorado	Gross Conservation Easement Credit	Donation made to a governmental entity or a charitable organization that was created at least two years prior to receipt of the easement	Corporation Income Tax Individual Income Tax	50% of the easement's appraised value	\$375,000 per taxpayer	Yes	No	20 Years	January 1, 2000
Connecticut	Donation of Land Tax Credit	Donations of land to be preserved as protected open space, used as a public water supply, or land for educational use.	Corporation Income Tax	50% of the difference between the fair market value of the donated land, at its highest and best use, and the amount received for the land.	No Cap	No	No	25 Years (For land donated for educational purposes prior to January 1, 2013 carryforward is only 15 years)	January 1, 2000
Delaware	Land & Historic Resource Conservation Tax Credit	Permanent gifts of land or interest in land to public agencies and qualified private non-profit charitable organizations.	Corporation Income Tax Individual Income Tax	40% of the easement's appraised value	\$50,000 per taxpayer Statewide \$1 million per year	No	No	5 Years	January 1, 2001

Table 1 continued. States with Tax Credits for Charitable Contributions for Conservation Purposes

State	Tax Credit Name	Eligible Investments	Tax Type	Tax Credit Rate	Tax Credit Cap	Transferable	Refundable	Carry Forward	Dates Applicable
Georgia	Land Conservation Credit	Donation of fee-title lands or permanent conservation easements to a government entity or qualified organization.	Corporation Income Tax Individual Income Tax	25% of the fair market appraised value	\$250,000 for individual donors and \$500,000 for corporate and partnership donors. Statewide \$30 million per year	Yes	No	10 Years	January 1, 2007 Sunsets December 31, 2016
Iowa	Charitable Conservation Contribution Tax Credit	Donations of conservation land or easements	Corporation Income Tax Individual Income Tax	50% of the fair market appraised value	\$100,000 per taxpayer per year	No	No	20 Years	January 1, 2008
Maryland	Preservation and Conservation Easement Credit	Donations of conservation easements	Individual Income Tax	Equal to the difference in the fair market value of the property less payments received for the easement.	The taxpayer is limited to claiming the lesser of the individual's state tax liability or \$5,000, per owner, who qualifies to claim the credit.	No	No	15 Years	January 1, 2001
Massachusetts	Commonwealth Conservation Land Tax Credit	Donation of conservation easements in wetland and riparian zones	Corporation Income Tax Individual Income Tax	50% of the fair market appraised value	\$75,000 per taxpayer with at least 3 years between donations Statewide cap \$2 million per year	No	Yes	10 Years	January 1, 2011
New Mexico	Land Conservation Incentives Act	Preservation of relatively natural habitat, open space, agricultural lands, outdoor recreation or education for the benefit of the general public, and/or historically important structures or land areas	Corporation Income Tax Fiduciary Income Tax Individual Income Tax	50% of the fair market appraised value	\$250,000 per taxpayer per year	Yes	No	20 Years	January 1, 2004

Table 1 continued. States with Tax Credits for Charitable Contributions for Conservation Purposes

State	Tax Credit Name	Eligible Investments	Tax Type	Tax Credit Rate	Tax Credit Cap	Transferable	Refundable	Carry Forward	Dates Applicable
New York	The New York Conservation Easement Tax Credit	Donations of conservation land or easements	Corporation Income Tax Individual Income Tax S-Corps and their shareholders do <i>not</i> qualify	25% of the school district, county, and town real estate tax paid on the easement property (village and city taxes are not used to calculate the credit and special assessments are also not considered).	\$5,000 per taxpayer per year	No	Yes	Not Applicable	January 1, 2007
North Carolina	Conservation Tax Credit Program	Donations of conservation land or easements	Corporation Income Tax Individual Income Tax	25% of the fair market value of the interest donated	\$250,000 for individual donors and \$500,000 for married couples filing jointly, pass-through entities, and corporations	No	No	5 Years	Enacted: January 1, 1983 Sunset: December 31, 2013
South Carolina	Conservation Incentives Act	Donations of conservation land or easements	Corporation Income Tax Individual Income Tax	25% of the fair market appraised value, in addition to the allowed state itemized deduction	Taxpayer is limited to claiming the lesser of tax liability or \$52,500 Limited to \$250 per acre of land	Yes	No	Indefinite	June 1, 2001
Virginia	Land Preservation Tax Credit	Donations of conservation land or easements	Corporation Income Tax Individual Income Tax	40% of the easement's fair market value	Taxpayer is limited to claiming the lesser of the individual's state tax liability or \$20,000 in 2015 and 2016 and then \$50,000 in subsequent years. Statewide annual cap of \$100 million in 2013 and 2014. In 2017 and subsequent years the annual cap is \$75 million.	Yes	No	13 Years	January 1, 2000

Source: Various state revenue websites

Table 2. Charitable Conservation Contribution Tax Credit Contributions by Tax Year

Tax Year	Number of Contributions	Acres		Contribution Value		Value per Acre	Share of Contributions With Maximum Credit
		Sum	Average	Sum	Average		
2008	8	561	70	\$1,193,912	\$119,391	\$2,128	20.0%
2009	14	1,302	93	\$2,837,291	\$157,627	\$2,180	21.1%
2010	19	1,880	99	\$5,794,843	\$231,794	\$3,082	20.0%
2011	14	3,553	254	\$5,157,188	\$257,859	\$1,451	40.0%
2012	9	1,085	121	\$2,134,804	\$177,900	\$1,968	8.3%
2013	8	781	98	\$2,257,500	\$161,250	\$2,889	14.3%
Total	72	9,162	127	\$19,375,538	\$195,713	\$2,283	22.0%

Source: Available Iowa Department of Revenue federal Form 8283 data; INHF & TNC Annual Gift Data

Note: Tax return information for tax year 2013 is incomplete.

Table 3. Charitable Conservation Contribution Tax Credit Contributions by Charitable Organization

Organization Receiving Contribution	Distribution of Number of Contributions	Distribution of Total Credit Dollars	Number of Acres Contributed	Distribution of Acres Contributed	Total Value of Contributions	Value of Contribution per Acre
Iowa Natural Heritage Foundation / The Nature Conservancy	56.0%	59.8%	8,195	87.4%	\$14,012,811	\$1,710
County Conservation Boards / Others	16.0%	13.9%	968	10.3%	\$2,932,273	\$3,031
Undisclosed	28.0%	26.3%	NA	NA	\$2,430,454	NA

Source: Available Iowa Department of Revenue federal Form 8283 data; INHF & TNC Annual Gift Data

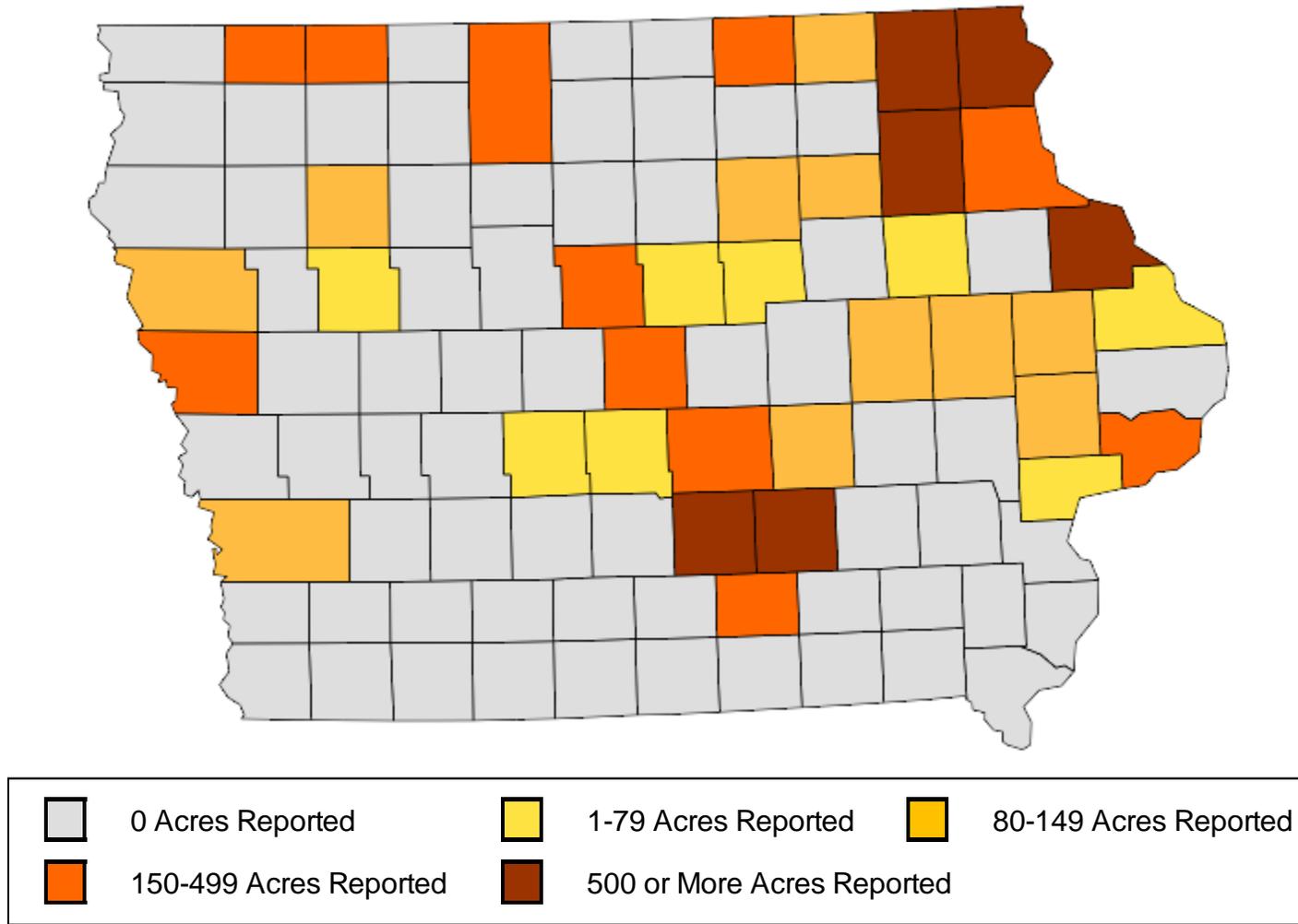
Note: The second group encompasses twelve separate organizations.

Table 4. Charitable Conservation Contribution Tax Credit Contributions by Type of Contribution

Type of Contribution	Distribution of Number of Contributions	Distribution of Total Credit Dollars	Number of Acres Contributed	Distribution of Acres Contributed	Total Value of Contributions	Value of Contribution per Acre
Bargain Sale	17.0%	12.2%	1,755	18.7%	\$3,998,885	\$2,278
Conservation Easement	38.0%	51.3%	6,018	64.2%	\$9,487,916	\$1,577
Easement Bargain Sale	5.0%	0.7%	257	2.7%	\$223,640	\$870
Undisclosed	40.0%	35.8%	1,341	14.3%	\$5,665,097	\$4,226

Source: Available Iowa Department of Revenue federal Form 8283 data; INHF & TNC Annual Gift Data

Figure 1. Charitable Conservation Contribution Tax Credit Contributed Land by Map of Iowa with County Location of Contributions, Tax Years 2008-2013



Source: Available Iowa Department of Revenue federal Form 8283 data; INHF & TNC Annual Gift Data

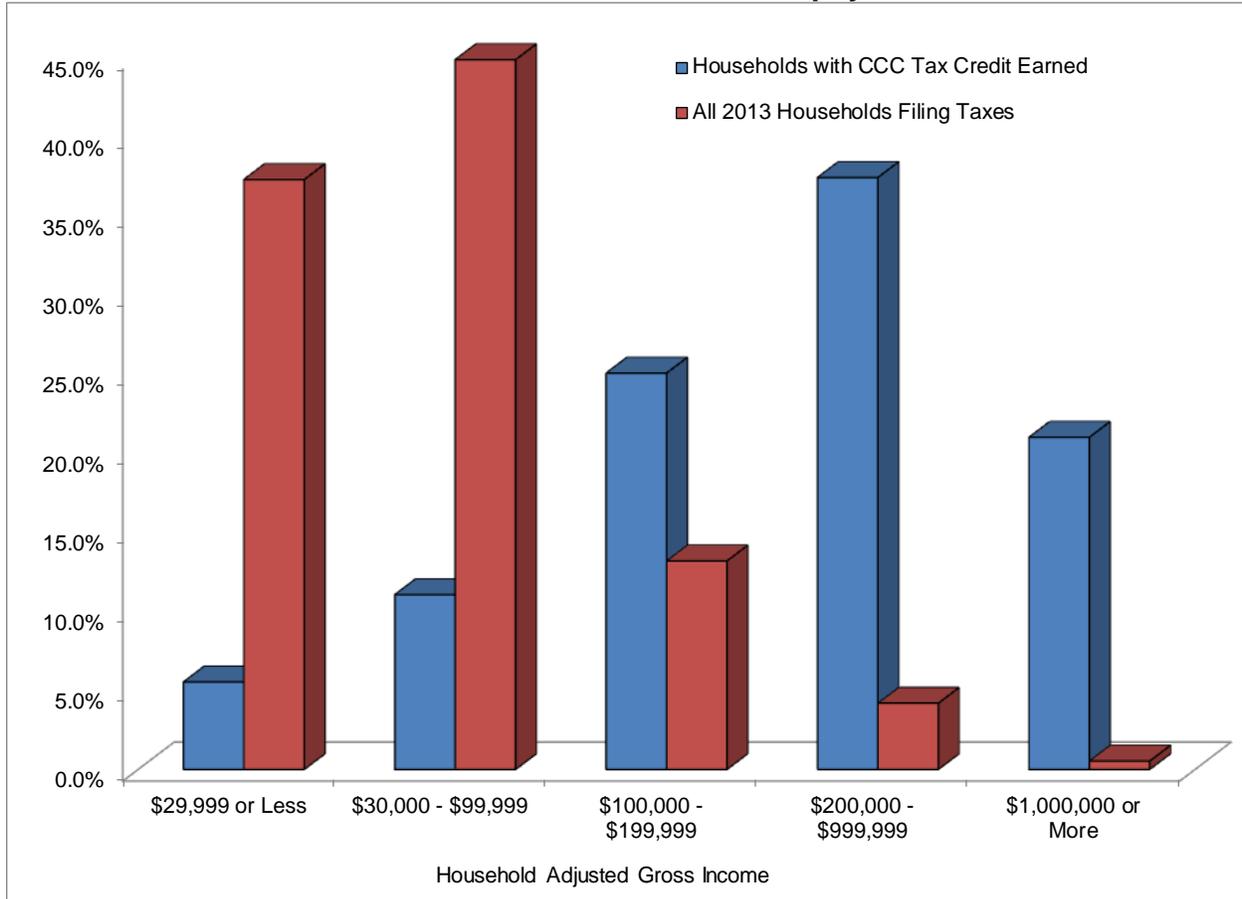
Table 5. Initial Earned Charitable Conservation Contribution Tax Credits by Tax Year, Tax Years 2008-2013

Tax Year	Number of Initial Tax Credits Earned	Amount of Tax Credits Earned	Average Tax Credit Amount
2008	14	\$713,714	\$50,980
2009	30	\$852,027	\$28,401
2010	36	\$1,501,255	\$41,702
2011	18	\$1,329,288	\$73,849
2012	19	\$981,542	\$51,660
2013	21	\$877,958	\$41,808
Total	138	\$6,255,784	\$45,332
Average	23	\$1,042,631	

Source: Iowa Department of Revenue IA 148 Tax Credits Schedule

Note: IA 148 Tax Credit Schedule verification and collection is incomplete for tax year 2013.

Figure 2. Percent of Households Claiming the Charitable Conservation Contribution Tax Credit Versus All Tax Year 2013 Taxpayers



Source: Iowa Department of Revenue IA 148 Tax Credits Schedule, IA 1040 Income Tax Returns

Table 6. Initial Earned Charitable Conservation Contribution Tax Credit Claimants by Household Adjusted Gross Income, Tax Years 2008-2013

AGI Range	Number of Tax Credits Earned	Distribution of the Number of Tax Credits	Total Amount of Tax Credits Earned	Distribution of Amount of Tax Credits Earned	Average Amount of Tax Credit Earned	Number of All TY 2013 Taxpayers	Distribution of All TY 2013
\$29,999 or Less	9	6.5%	\$345,746	5.5%	\$38,416	536,401	37.3%
\$30,000 - \$99,999	28	20.3%	\$690,857	11.0%	\$24,673	645,393	44.8%
\$100,000 - \$199,999	37	26.8%	\$1,566,713	25.0%	\$42,344	189,564	13.2%
\$200,000 - \$999,999	50	36.2%	\$2,339,873	37.4%	\$46,797	60,171	4.2%
\$1,000,000 or More	14	10.1%	\$1,312,595	21.0%	\$93,757	7,581	0.5%
Total	138	100%	\$6,255,784	100%		1,439,110	100%

Source: Iowa Department of Revenue IA 148 Tax Credits Schedule, IA 1040 Income Tax Returns

Note: IA 148 Tax Credit Schedule verification and collection is incomplete for tax year 2013.

Table 7. Initial Earned Charitable Conservation Contribution Tax Credit Claimants by Filing Status, Tax Years 2008-2013

Filing Status	Number of Tax Credits Earned	Distribution of the Number of Tax Credits	Total Amount of Tax Credits Earned	Distribution of Amount of Tax Credits Earned	Average Amount of Tax Credit Earned	Number of All TY 2013 Taxpayers	Distribution of All TY 2013
Single	39	28.3%	\$1,579,467	25.2%	\$40,499	576,654	40.1%
Married Filing Joint	56	40.6%	\$2,795,648	44.7%	\$49,922	232,550	16.2%
Married Filing Separately	43	31.2%	\$1,880,669	30.1%	\$43,736	457,045	31.8%
Total	138	100%	\$6,255,784	100%	\$45,332	1,266,249	88.0%

Source: Iowa Department of Revenue IA 148 Tax Credits Schedule, IA 1040 Income Tax Returns

Note: IA 148 Tax Credit Schedule verification and collection is incomplete for tax year 2013.

Table 8. Initial Earned Charitable Conservation Contribution Tax Credit Claimants by Age, Tax Years 2008-2013

Age of Claimant	Number of Tax Credits Earned	Distribution of the Number of Tax Credits Earned	Total Amount of Tax Credits Earned	Distribution of Amount of Tax Credits Earned	Average Amount of Tax Credit Earned
45 or younger	21	12.5%	\$376,504	6.0%	\$47,310
46-55	18	10.7%	\$785,481	12.6%	\$43,638
56-65	46	27.4%	\$1,641,683	26.2%	\$35,689
66-75	43	25.6%	\$1,667,269	26.7%	\$38,774
76 or older	35	20.8%	\$1,493,687	23.9%	\$105,770
Unknown	5	3.0%	\$291,160	4.7%	\$58,232
Total	168	100%	\$6,255,784	100%	\$37,236.81

Source: Iowa Department of Revenue IA 148 Tax Credits Schedule, IA 1040 Income Tax Returns

Note: IA 148 Tax Credit Schedule verification and collection is incomplete for tax year 2013.

Table 9. Initial Earned Charitable Conservation Contribution Tax Credit Claimants by Residency Status, Tax Years 2008-2013

Residency Status	Number of Tax Credits Earned	Distribution of the Number of Tax Credits	Total Amount of Tax Credits Earned	Distribution of Amount of Tax Credits Earned	Average Amount of Tax Credit Earned
Out of State	23	16.7%	\$895,629	14.3%	\$38,940
In State	115	83.3%	\$5,360,155	85.7%	\$46,610
Total	138	100%	\$6,255,784	100%	\$45,332

Source: Iowa Department of Revenue IA 148 Tax Credits Schedule, IA 1040 Income Tax Returns

Note: IA 148 Tax Credit Schedule verification and collection is incomplete for tax year 2013.

Table 10. Charitable Conservation Contribution Tax Credit Available and Applied Claims by Tax Year, Tax Years 2008-2013

Tax Year	Number of Tax Credit Claims	Amount Carried Forward from Previous Year	Amount of Initial Tax Credits	Amount of Tax Credits Available for Current Year	Amount of Tax Credits Applied in Current Tax Year	Amount of Tax Credits Carried Forward to Next Tax Year
2008	16	\$0	\$713,714	\$713,714	\$199,663	\$514,051
2009	44	\$486,470	\$852,027	\$1,338,497	\$430,993	\$907,504
2010	79	\$921,383	\$1,501,255	\$2,422,638	\$364,440	\$2,058,198
2011	83	\$2,004,028	\$1,329,288	\$3,333,316	\$639,150	\$2,694,166
2012	95	\$2,608,718	\$981,542	\$3,590,260	\$985,292	\$2,604,968
2013	88	\$2,382,297	\$877,958	\$3,260,255	\$328,527	\$2,930,214
Total	405		\$6,255,784		\$2,948,065	

Source: Iowa Department of Revenue IA 148 Tax Credits Schedule

Note: IA 148 Tax Credit Schedule verification and collection is incomplete for tax year 2013.

Table 11. Timing of Charitable Conservation Contribution Tax Credit Claims

Year of Initial Tax Credit Claim Credit Earned	Total Amount of Tax Credits Earned	Percent Claimed in First Year	Percent Claimed in Second Year	Percent Claimed in Third Year	Percent Claimed in Fourth Year	Percent Claimed in Fifth Year	Percent Claimed in Sixth Year	Amount Remaining
2008	\$713,714	28.0%	30.4%	5.0%	1.7%	4.3%	3.5%	27.2%
2009	\$852,027	25.1%	6.1%	16.4%	14.8%	2.0%		35.5%
2010	\$1,454,633	16.6%	9.9%	20.8%	4.1%			48.5%
2011	\$1,375,910	27.4%	17.4%	4.6%				50.6%
2012	\$981,542	29.2%	4.0%					66.8%
2013	\$877,958	14.2%						85.8%
Average	\$6,255,784	23.4%	13.6%	11.7%	6.9%	3.1%	3.5%	37.8%

Source: Iowa Department of Revenue IA 148 Tax Credits Schedule

Note: IA 148 Tax Credit Schedule verification and collection is incomplete for tax year 2013.

Table 12. Iowa Natural Heritage Foundation and the Nature Conservancy of Iowa Contribution History and Charitable Conservation Contribution Tax Credit Utilization, Tax Years 1999-2013

Tax Year	INHF & TNC Contribution Projects Reported	INHF & TNC Contribution Values Reported	Tax Year	INHF & TNC Contribution Projects Reported	INHF & TNC Contribution Values Reported	Projects Claiming CCC Tax Credits
1999	14	\$1,087,000	2006	10	\$921,000	--
2000	12	\$1,390,600	2007	37	\$17,224,000	--
2001	8	\$413,847	2008	19	\$4,402,000	7
2002	8	\$551,140	2009	37	\$3,447,100	12
2003	11	\$523,750	2010	34	\$4,660,650	12
2004	30	\$2,274,000	2011	23	\$5,356,000	13
2005	16	\$5,240,600	2012	19	\$1,834,000	8
			2013	16	\$4,354,000	4
Average 1999-2005	14	\$1,640,134	Average 2006-2013	24	\$5,274,844	
Average 1999-2007	16	\$3,291,771	Average 2008-2013	25	\$4,008,958	9

Source: Available Iowa Department of Revenue 8283 Form Data; INHF & TNC Annual Gift Data

Table 13. Estimated Cost to the State of Iowa per Acre Contributed for Charitable Conservation Contribution Tax Credits and the Charitable Deductions for Contributions Above \$200,000, Tax Years 2008-2013

Tax Year	Acres Reported	Land Value	CCC Tax Credit + Charitable Contribution Deduction	Land Value per Acre	State Tax Expenditure per Acre
2008	561	\$1,084,912	\$365,017	\$1,934	\$651
2009	1,302	\$2,513,529	\$497,160	\$1,931	\$382
2010	1,930	\$5,497,499	\$1,381,827	\$2,848	\$716
2011	3,553	\$4,434,000	\$1,149,393	\$1,248	\$323
2012	1,085	\$1,571,114	\$474,743	\$1,448	\$438
2013	781	\$1,761,030	\$409,616	\$2,254	\$524
Total	9,212	\$16,862,084	\$4,277,755	\$1,830	\$464

Source: Available Iowa Department of Revenue 8283 Form Data; INHF & TNC Annual Gift Data

Note: Analysis considers only CCC Tax Credits for which acreage information was available. Numbers are presented in nominal dollars and do not discount for cases when claims to the CCC Tax Credit will be made over multiple years.

Table 14. Estimated Cost to the State of Iowa per Acre Contributed to Charitable Conservation Contribution Tax Credits Against the Utilization of Only the Charitable Deduction, Tax Years 2008-2013

Tax Year	Charitable Contribution Deduction Values	CCC Tax Credit Claims	CCC Tax Credit Claims - Deductions	Land Value per Acre	CCC Tax Credit Expenditure per Acre
2008	\$97,425	\$361,964	\$264,539	\$1,934	\$472
2009	\$225,715	\$396,683	\$170,968	\$1,931	\$131
2010	\$493,675	\$1,170,707	\$677,032	\$2,848	\$351
2011	\$398,173	\$953,000	\$554,827	\$1,248	\$156
2012	\$141,086	\$437,333	\$296,247	\$1,448	\$273
2013	\$158,140	\$370,777	\$212,637	\$2,254	\$272
Total	\$1,514,215	\$3,690,464	\$2,176,249	\$1,830	\$236

Source: Available Iowa Department of Revenue 8283 Form Data; INHF & TNC Annual Gift Data

Note: Analysis considers only CCC Tax Credits for which acreage information was available. Numbers are presented in nominal dollars and do not discount for cases when claims to the CCC Tax Credit will be made over multiple years.