



Senate Bill 206 Helps Buyers and Sellers

On May 6, 2015, the Colorado State Legislature passed Senate Bill 206 which is a huge win for everyone who works with conservation easement tax credits. Senate Bill 206 allows a landowner with a larger parcel of land to **earn up to \$1.5M in Colorado tax credits in a single year** – no more long, dragged out conservation easement processes and all of the related annual expenses. A landowner with a smaller parcel of land will get up to an **additional \$25,000 in tax credits** to help offset the increased transaction costs. Buyers will be able to purchase the credits they need because **more tax credits will be available** each year. *We are very thankful to the bill's sponsors, Sen. Ellen Roberts (R-Durango) and Sen. Mary Hodge (D-Brighton), Rep. Alec Garnett (D-Denver) and Rep. Jon Keyser (R-Evergreen), as well as the leadership of the Colorado Coalition of Land Trusts.*

Benefits to Large Landowners

Large landowners who have had to do their conservation easements over a number of years in order to benefit from the tax credits, now can do essentially four years' worth of conservation easements in a single year. For nearly a \$3M conservation easement donation, SB 206 allows a large landowner to earn \$1.5M in Colorado tax credits. The formula is 75% of the first \$100,000 and 50% of any remaining donation up to a total credit of \$1.5M. This will help large landowners to be able to **know that their whole ranch is protected** and not have to worry about whether the tax credit program will be discontinued part way through their donation process. This will also help large landowners to **only pay their transaction costs one time** to conserve nearly \$3M worth of conservation land. Under the old law, they would have had to pay for transaction costs every year for four years to earn that number of tax credits. Since transaction costs are averaging \$50K in Colorado these days, this is a big savings! Click [here](#) for more information about transaction costs and to see our guide to donating a conservation easement.

Benefits to Small Landowners

With transaction costs topping \$50,000, it is hard for a landowner who is making a \$200,000 conservation easement donation to walk away with anything in their pocket as a thank you for permanently protecting their land for future generations. **SB 206 allows small landowners to receive up to an additional \$25,000 in tax credits** because the formula changed to 75% of the first \$100,000 and 50% of everything after that. In our example, our landowner would receive \$125,000 in tax credits (\$75K + \$50K).

Benefits to Buyers

The tax credit program has been challenging for buyers for the last four years. With lower volume of tax credits available, it's been difficult to predict whether a buyer will be able to purchase tax credits for their tax return. *SB 206 is retroactive to January 1, 2015.* That means that landowners will be creating more tax credits this year and many landowners who have been sitting on the sidelines will be enticed to jump in to participate in the conservation easement process. We anticipate that Colorado will hit or come close to hitting the state's \$45M annual tax credit cap for 2015 now that SB 206 has passed. In the past four years, the largest quantity of tax credits created was \$27M so creating \$45M would be a huge positive change. Buyers would still have an

incentive to purchase credits early, but **there would be less of a risk that we'd be all sold out** as tax day approaches.

Like always, we are here for you!

Things may be changing legislatively, but you can still count on us to provide top notch service. From reviewing due diligence before turning in the tax credit application to ensuring buyers and sellers file the right tax forms with the Department of Revenue, **Tax Credit Connection is here for you.**

For more information, please contact:

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