

# Conservation Land Tax Credit

## Frequently Asked Questions

### **What are the criteria for selection?**

EEA will evaluate what percentage of the proposed donation is known to be on critical environmental landscape maps such as Biomap 2, prime soils for agriculture or forestry, prime forest or drinking water protection zones. Based upon that evaluation, properties determined to be of sufficient natural resource values are selected to continue to part II.

### **What exactly is a refundable tax credit?**

As an example; if you qualify for a \$75,000 tax credit and you have a \$2,000 state tax liability in the same calendar year, the tax credit would reduce your taxes to \$0 for that year and after you file your taxes, you would receive a check back for the remaining \$73,000.

### **I have land in Massachusetts but do not live there or file taxes, am I still eligible for the CLTC?**

Yes, as long as your donation is for land in Massachusetts, you may claim the credit. In order to do so though, you will have to file a tax claim form (non-resident tax return form) for the year you received the credit.

### **Why does EEA request a Certified Appraisal and information on the consideration to be received?**

The CLTC Program is limited to an annual allocation of \$2 million. The appraiser's valuation helps both you and EEA determine the amount of the potential tax credit that will be claimed, which will be evaluated against remaining annual allocation for the CLTC Program. If there is funding available, the applicant will receive a Notice to Proceed.

### **If I have already donated my land or previously put a conservation restriction on it, can I fill out an application now and get a tax credit?**

No. The conservation land tax credit regulations require that an application be filed prior to the donation and that you receive Pre-CLTC approval before the closing and recording.

### **What if my land already has a conservation restriction recorded against it from years past, can I donate the Fee Simple portion now and get a credit?**

No – Land that is already “protected” is not eligible for the tax credit. The CLTC program is intended to provide incentives to landowners for donating and protecting unprotected land.

### **Can I email or fax in my application?**

Yes – because of changes to office procedures due to COVID – 19, sending in your scanned application and accompanying documents via email is preferred. You can mail it, but we ask that you email us and let us know it is in regular mail.

**How many applications for a tax credit can a single landowner submit in any one year?**

The credit is only available to an individual once every three years unless there are special circumstances and the three-year minimum is waived by EEA. Applicants can be donating more than one parcel in a single year but it all has to be part of the same application.

**Can I submit an application for a tax credit if the value of the donation is less than \$150,000?**

Yes, there is no minimum value of a donation. So, a \$20,000 donation would be eligible for a \$10,000 tax credit.

**If I sell my land to an agency through a bargain sale, can I use the appraisal the agency did in my application for a CLTC?**

No. – We require the appraisal meet the same standard required by the IRS. Therefore the owner must commission the appraisal they will use to justify the donation value, and therefore, the amount of the tax credit.

**How long do I have to wait until I am eligible to apply for a new Conservation Land Tax Credit after I make a CLTC donation?**

You must wait 3 years until you are eligible again for a CLTC. For example, if you made a qualified donation in 2020, then you could not apply for another CLTC until 2024. Because of the back log of applications, you may submit an application early in order to get approved for a future year. Please note though that future year availability of funds for the program are never guaranteed. We can only obligate or reserve funds from “expected” future funding amounts.

**If I apply right now in calendar 2021, can I donate the land interest and receive a tax credit in 2021?**

The CLTC program is “capped” at \$2 million per year for tax credits. With the current backlog, we have already reserved or “obligated” 2021 funding and the expected future funding for 2022, 2023 and half of 2024. So, applicants receiving Part II approval right now are being required to make their land interest donation in 2024 and receive the tax credit for that year. Important, the land interest donation must be made in the same calendar year as the tax credit is being claimed. So, if you are obligated a 2024 tax credit, you must wait until 2024 and have the Part II approval from the CLTC program in hand before you may close on and record the gift.

**Submitting a draft Conservation Restriction for review and approval for a gift/bargain sale associated with a CLTC.**

You should check in with the program coordinator to confirm the next available calendar year funds for a new CLTC project. If the wait will be longer than 1 year, you may hold off for now on submitting a draft conservation restriction. Approved projects will be prompted for the CR submission closer to the year the gift will occur.

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