



WEST VIRGINIA TAX BENEFITS: FEDERAL, STATE, & LOCAL



A donation or bargain sale of a conservation easement can earn you significant federal, state, and local tax benefits.

Tax benefits are **based on the value of a conservation easement donation**, as determined by a qualified appraiser.

Easement value is the difference between the fair market value of the land before the easement is signed and the value of the land after easement donation.

$$\frac{\text{Land's market value before the easement} - \text{Land's market value after the easement}}{\$ \text{Easement Value}}$$

Tax rules can — and *do*— change, which is why Potomac Conservancy cannot guarantee eligibility. We urge you to **seek legal and financial advice** from licensed professionals.

Federal tax incentives

Enhanced Federal Tax Incentive For Conservation Easement Donations: A powerful tool for allowing modest-income donors to receive greater credit for donating a very valuable conservation easement.

- A donor may take a deduction of up to 50% of his or her adjusted gross income
- Qualifying farmers and ranchers may deduct up to 100% of their income
- A donor may carry tax deductions forward for up to 15 years

The cost of the appraisal and other easement expenses, such as surveys, may also be deductible.

Federal Estate Tax Exclusion: This is key for landowners who plan to pass their land to their children. Upon the transfer of property to heirs, the qualified conservation easement generates an estate tax deduction for the value of the easement, along with a potential estate tax exclusion totaling 40% of the remaining value of the property under easement. The maximum exclusion amount is \$500,000.



West Virginia tax benefits

West Virginia income tax deduction: The same reduction of taxable income taken on your federal tax return (see Enhanced Federal Tax Incentive) can be applied to West Virginia income tax. For those selling easements, profits from an easement sale can be excluded from West Virginia taxable income.

Property tax reduction: West Virginia's property tax is based on a property's "highest and best use" value, a term that usually refers to a developed use. Conservation easements often reduce property taxes by restricting the use of the property and thereby reducing the value of the property's "highest and best use."

West Virginia law states that conservation easement properties must be assessed, for property tax purposes, at the rate of agricultural land, whether or not the land is in agricultural use. Landowners of conservation easement land need not reapply each year for the agricultural land use rate. The benefit is automatic. See your county assessor for more information.

