THE HANDBOOK OF

LANDOWNER'S OPTIONS

A Guide to Land Protection in New Jersey

PUBLISHED BY
THE NATURE CONSERVANCY OF NEW JERSEY
AND
THE NEW JERSEY NATURAL LANDS TRUST

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Conservation Options—A Landowner's Guide. How to Protect Your Land for Future Generations—Land Trust Alliance, Washington DC.

NOTE: This handbook is intended as a general guide and introduction to the various land protection techniques in New Jersey. The publishers are not engaged in rendering legal, accounting, or other professional real estate or financial services. This handbook should not be relied upon as the sole source of information for land protection. Any landowner wishing to protect land should consult an experienced conservation agency or a qualified attorney, realtor, or accountant.

For additional copies, contact The Nature Conservancy or
The New Jersey Natural Lands Trust at the addresses listed above.
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Why Protect Your Land?

Although New Jersey is the most densely developed of the fifty states, it offers a tremendous diversity of natural resources. From High Point to Cape May, there are meadows, forests, farmlands, pristine wetlands, and other wildlife habitats that need to be protected. If you own land with these qualities or its own special natural characteristics, you may want to consider formal protection of your land.

The protection of open space on your land and on other privately owned land is vital to the preservation of New Jersey's natural heritage and our quality of life. Aldo Leopold has compared the elements of natural diversity to the cogs and wheels of a great machine and stressed that "to save every cog and wheel is the first precaution of intelligent tinkering." We must ensure that our natural heritage is permanently preserved.

Protection of the State's important natural resources is beyond the means of any single entity and requires partnership among government agencies, nonprofit organizations and private landowners. Funding constraints limit the State's ability to acquire and manage all the lands that need to be protected. To allocate resources, the State focuses on direct acquisition of lands adjacent to already preserved parcels, environmentally significant or sensitive lands, lands that create trails and link green spaces, and lands that otherwise enhance the statewide system of parks, forests, and wildlife management areas. The State also provides grant and loan funding to local governments to acquire lands and develop parks in their communities.

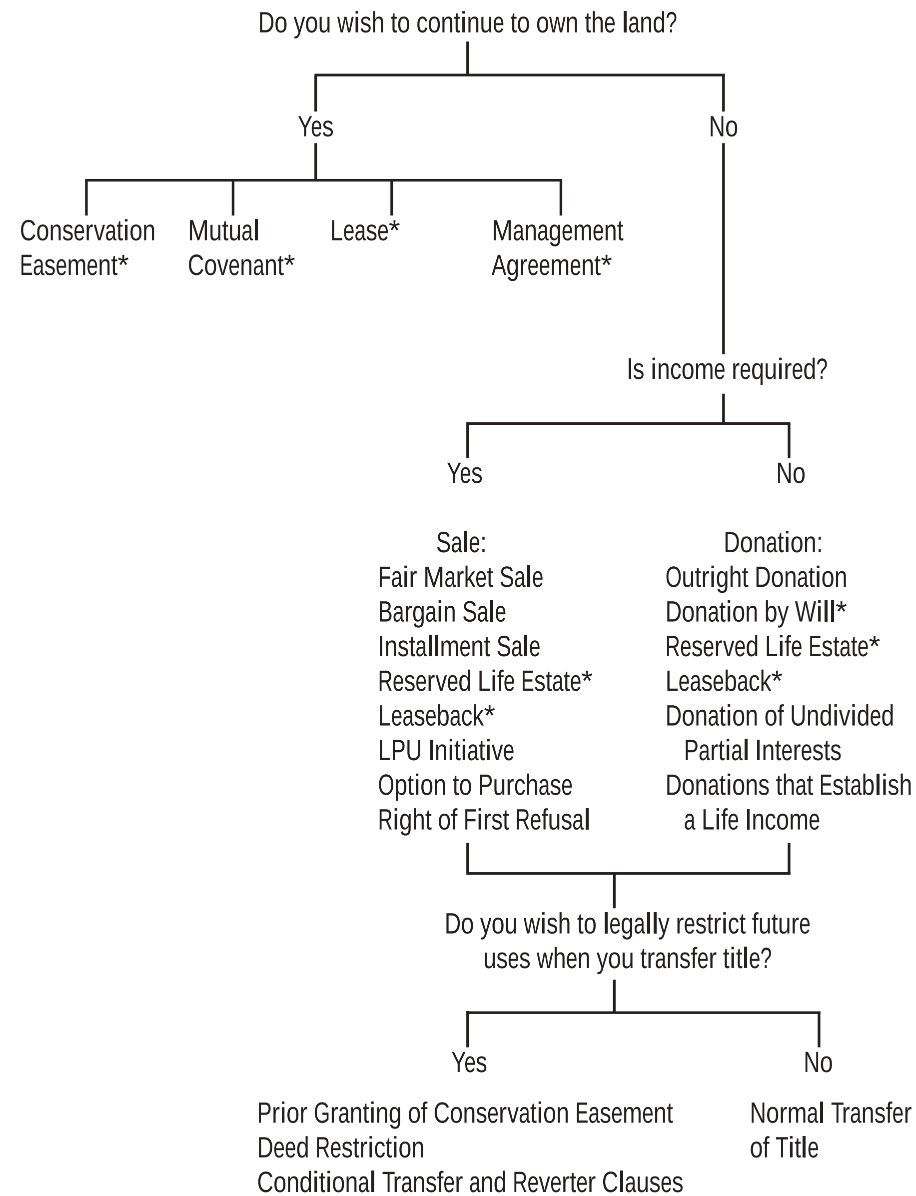
Many local governments have open space tax funds in place to provide the financial resources to protect land in their communities. Nonprofit organizations also provide professional staff and financial resources to acquire and manage significant lands that may not be of as great an interest to the State, but are worthy of protection. Private landowners also play an important role in preserving New Jersey's natural areas. As a landowner you have the opportunity to leave a significant legacy and guarantee that the land you love will be preserved according to your wishes.

Protecting natural land through sale and /or donation can be financially beneficial to a landowner. Landowners who donate their land, or place a conservation easement or deed restrictions on the property, may be eligible for tax benefits such as federal and state income tax deductions, reduced estate taxes, or property tax relief. Tax discussions throughout this booklet focus on tax law as it stands in 2001. Your federal, state and local taxes will often be affected by the transactions described in this booklet. Whether your taxes are affected depends on your personal financial situation and the choices you make.

New Jersey landowners can choose from a variety of options to protect the natural resources and wild areas on their property. These options allow property owners to tailor specific protection packages to fit their needs. The purpose of this handbook is to assist landowners in making important decisions about how to protect their land. This handbook should not be used as the only reference in making a decision; it should be used as an overview of the most common techniques for voluntary land protection. Once you have a general idea about which technique is most appropriate for you, consultation with an experienced lawyer, realtor, accountant, and conservation agency is essential.

Together, we can make a difference in the future of our natural world.

Options for Protecting Your Land



**These options allow you to continue to live on your land.*

Options: Transfer of Title

There are a number of ways to donate or sell land while protecting its natural resources. The challenge is to find the method that best suits your needs as a landowner as well as the requirements of the organization or agency that will acquire the land.

Private landowners often choose to donate or sell valuable open space to a government or private conservation agency in order to acquire a tax deduction or to be sure the land is managed and protected in the best way available.

Donation of Property

OUTRIGHT DONATION

Donating land is a very generous act. And it may not be as large a financial sacrifice as you might expect. If the land has appreciated a great deal since it was acquired and if you choose to sell the land, you will owe what could be a substantial capital gains tax upon its sale. Your profit from the sale may be further reduced by expenses resulting from the time delay in finding a buyer and by the payment of a realtor's commission, which is typically calculated at 6 to 10% of the sale price.

On the other hand, if you donate your land to a charitable organization or government agency, you may be able to claim federal and state income tax deductions. The income tax deductions are equal to the land's full and current fair market value without subtracting an adjustment for capital gains taxes, within the limitations allowed by the tax code. Donating the land will also remove its value from your estate, potentially reducing future estate taxes. Moreover, you won't have to continue to pay property taxes on the donated land. Additional benefits of donating land may include relief from state transfer taxes, farmland assessment rollbacks, and liabilities associated with ownership of vacant land.

Donating your land to a nonprofit conservation organization or to a government agency is the simplest way to protect your land. No financing or negotiations about price are necessary. However, when planning to donate land, you should obtain approval from the agency or organization that you intend to donate to prior to deeding the land to them. Usually the agency or organization will welcome your donation, although, in some cases they will be unable to accept it. Perhaps it is not the type of land the agency or organization specializes in or,

because of its location, size, or other factors, it would cause a strain on their management resources. If the agency or organization cannot accept your donation, they may be able to suggest another donee or a different protection technique.

When accepting a land donation, an agency or organization may request a financial contribution toward future management costs. This voluntary donation will assist the agency or organization in fulfilling its stewardship responsibilities. The request of a financial contribution demonstrates that the agency or organization takes seriously its perpetual obligation to care for the land. Besides helping to provide for the perpetual care of the donated property, this financial contribution may also be tax deductible.

Land donated to a land trust or government agency for conservation is truly one of the finest legacies a person can leave to future generations. Once the land is under the protection of a land conservation organization or agency, its long-term preservation should be assured. Donors that wish to have a say in how the agency or organization will use or manage the land in the future should, before the land is deeded to the organization or agency, have a mutual understanding of how the organization or agency plans to use the land and whether they plan to hold on to the land indefinitely. A deed restriction or reverter clause may or may not be appropriate.

You can even choose to donate your land without immediately giving up its use. To do this you have several options to choose from including donation by will, donation with a reserved life estate, or a "leaseback."

DONATION BY WILL

A gift of land may be made through your will, entitling you to retain full use of the land during your lifetime. Discussing the gift with the intended recipient (a government agency or a private conservation organization) prior to inclusion of the donation in your will allows you to develop a plan for the future care of your land. Because organizations' priorities and objectives sometimes change over time, it can be a good idea to name an alternate recipient in the event that the intended recipient is unable to accept the gift after your death. An agreement with the alternate recipient to receive the property should also be secured.

If you want to be sure that your property is managed or used in a particular way once it is donated, you could specify in your will that if the primary recipient fails to use the land as specified, the property transfers to another named organization.

Donation by will allows you to retain full control over your land during your lifetime, and you are assured that it will be cared for when you are gone. Removing the land from your estate may reduce the estate or inheritance taxes. You will, however, still be responsible for paying real estate taxes for the property during your lifetime and will receive no related personal income tax benefit.

DONATION WITH A RESERVED LIFE ESTATE

To reduce the amount of real estate taxes for your property, you might consider a donation with a reserved life estate. This is also called "donating a remainder interest and retaining a reserved life estate." With this option, you donate the property to a government or private conservation agency and you and members of your family retain use of all or part of the land during your lifetime or their lifetimes. A reserved life estate ensures that your land is accepted by someone suitable to you and that it will be protected in perpetuity.

Hillside at Reinhardt Preserve. To preserve his family's legacy and his beloved land, in 1973, Goyn Reinhardt donated the 240 acres to the NJ Natural Lands Trust for lasting preservation.

If the value of the donated land qualifies as a charitable deduction, you may take an income tax deduction for the value of what was actually given up. This value, and hence your deduction, is determined by subtracting from the full, fair market value of the property, an amount established by the Internal Revenue Service actuarial tables based on the life expectancies of those who have reserved a life interest in the property to be donated. Thus, this IRS charitable tax deduction would not include the value of the reserved life estate.

The short-term tax advantages of a donation with a reserved life estate are less than those associated with an outright donation, but greater than those with a donation by will. For example, the

beneficiaries of the life estate may be required to continue to pay property taxes on the portion of the donated property retained in the life estate. However, the beneficiaries could also retain a limited right to continue the exclusive use of a portion of the donated property in spite of transferring the actual ownership of the remainder interest.

Donations by will or with a reserved life estate may be preferred if the organization or agency receiving the land would like to own the property but does not wish to accept the responsibilities of immediate ownership.

DONATION WITH A LEASEBACK

A leaseback is the business arrangement when you donate (or sell, see page 12) property to a government or conservation agency, and then lease all or a portion of the property back for your own specified use. You may receive tax benefits from the donation (or bargain sale); however, possible benefits and/or liabilities should be discussed with your financial advisor.

DONATION OF UNDIVIDED PARTIAL INTERESTS

The donation of undivided partial interests in land or other valuable assets is the division of a single large donation into several smaller donations by donating a series of fractional interests in the whole property over several years. This is a variation on the simple donation of land. It is done in order to maximize the benefit of the resulting charitable deductions. By donating undivided partial interests, you can tailor the size and number of the charitable deductions to the amounts that you can use in succeeding years.

This is a complex calculation because the federal tax code limits the amount you can deduct in a single year, but gives you the potential for a total of six years' deduction credit. Furthermore, the value of the donated partial interest is generally less than the corresponding percentage of the ownership transferred since, most likely, the donee has retained limited use and control of the property. Thus, with each donation, a new or updated appraisal is required.

Until the full ownership of the land has been transferred, you and the donee will be co-owners of the property. In many cases, the organization or agency receiving the donation will ask you to sign an enforceable agreement to donate any remaining undivided interest by a specific date, or at death, whichever comes first. You may also be expected to pay property taxes and carrying costs until the donee receives full ownership.

DONATIONS THAT ESTABLISH A LIFE INCOME

There are several types of charitable donations for which the donor may receive regular income payments for a period of years or for the rest of his/her life (and receive an income tax deduction as well). These "life income gifts" may have significant advantages for someone who is donating highly appreciated property and who would like to supplement his/her income, perhaps for retirement. There are a variety of life income gift options, but, depending on state laws, two in particular, charitable gift annuities and charitable remainder unitrusts, may work well for land donations.

Charitable Gift Annuity:

A charitable gift annuity is a contract in which the donor agrees to transfer property to a charity, and the charity agrees to make regular annuity payments to one or two beneficiaries for life. The annuity payments are a set amount, often ranging from 6.5% to 8.5% of the value of the contributed property.

Your gift of property qualifies for a charitable income tax deduction at the time of the gift. The amount of the deduction is based on the value of the land donated, less the expected value of the annuity payments, determined from IRS actuarial tables.

You also avoid much of the capital gains tax that could have resulted from a fair market value sale of appreciated property. With a charitable gift annuity the capital gains tax will be spread over the term of the donor's actuarial life expectancy.

Charitable gift annuities are not, in and of themselves, a land protection tool. However, the financial and tax incentives they provide can help make land protection feasible. The most common way to protect land through a gift annuity is to combine it with a conservation easement. You can donate a conservation easement on the land to a land trust and then grant the land to a second land trust in return for the gift annuity. Or you can grant the land, with no restrictions placed on it, to a land trust so the land trust can set up the gift annuity and sell the land subject to a conservation easement established by the land trust. In both cases, the land trust will probably sell the easement-protected property to generate the proceeds needed to make the annuity payments. When the annuity obligation ends, any surplus proceeds will support the land trust's conservation programs.

It is important to get competent legal advice and to consult with your financial advisor prior to setting up a charitable gift annuity.

Charitable Remainder Unitrust:

Like the charitable gift annuity, the charitable remainder unitrust is not really a means of conserving land. It can, however, be combined with a conservation easement to achieve conservation goals and can play a useful role in a family's overall financial planning.

With a charitable remainder unitrust, the property is not donated directly to a conservation organization. Instead, it is placed in a trust with a stipulation that funds in the trust will go to the organization at the end of a fixed term or upon the death of the beneficiary or beneficiaries. The trustee sells the land and invests the net proceeds from the sale. One or more beneficiaries receive payments based on a fixed percentage of at least 5% of the asset value each year for the designated period. The trustee then turns the remaining funds in the trust over to the named organization for use in its conservation programs.

Volunteers working on a footbridge at Crossley Preserve. The Preserve provides "wilderness" passive trail recreation for local residents and visitors.

In order to conserve land, a conservation easement can be donated on the property before it is put into the charitable remainder unitrust. The easement is likely to reduce the value of the property and hence the resulting payments to beneficiaries, but it will protect the land.

Unlike the charitable gift annuity, which is limited to two beneficiaries, the charitable remainder unitrust allows an unlimited number of beneficiaries. The payments are based on a percentage of the trust principal, so they grow or shrink as the principal grows or shrinks. If the trustee invests wisely, a charitable remainder unitrust can provide a better hedge against inflation than a charitable gift annuity.

Usually the trust will be set up with an "income-only" provision, meaning that the trustee is obligated to make payments to the beneficiaries only when the trust has received income resulting from the reinvestment of the proceeds after the land is sold. The trustee has a fiduciary obligation to maximize the income. The trustee, thus, cannot rent the property below market rates or rent the property to beneficiaries in lieu of income payments.

The charitable remainder unitrust offers many advantages to the donor of highly appreciated property. The gift qualifies for a charitable income tax deduction in the year the land is put in the trust. The income tax deduction is based on the value of the asset, less the expected value of the payments. Furthermore, because the trustee's sale of the land does not incur capital gains tax, the overall financial return may be higher than that from a traditional sale. Thus, more of the land's value is invested in the trust, which, in turn, generates more income for the beneficiaries. In addition, the entire asset is removed from the estate for estate tax purposes. As an added bonus, the funds remaining in the trust after the beneficiaries' lifetimes will enhance the conservation organization's ability to do its work.

Because of the administrative expense of establishing and managing a charitable remainder trust, the initial gift must be quite large—at least $50,000. Most charitable remainder trusts are administered by a bank or other financial institution, although there is no prohibition against an individual, even the donor, assuming the role of trustee. Again, it would be wise to get outside legal advice and to consult with your financial advisor prior to taking action.

GIFTS OF PROPERTIES WITH LITTLE OR NO CONSERVATION VALUE

Even if your property does not possess outstanding natural resources, you may still be able to donate it to a conservation organization. Most conservation organizations and public agencies can accept tax deductible donations of developed real estate or other property. An organization can accept a gift of property with little or no environmental value, sell it on the open market (with restrictions, if appropriate), and use the money for the preservation of other ecologically significant lands. You, the landowner, will still enjoy the same tax benefits as if your donation had qualified as exceptional conservation land.

Sale of Property

You may wish to sell your property outright to a conservation organization or government agency. There are organizations and agencies that have funds for the purchase of lands with special attributes such as exceptional ecological resources or with the necessary requirements for a public park, wildlife sanctuary, or

recreation area. In considering a sale to an agency, you have the option of selling at fair market value, at a bargain price, or in installments.

Benefits of selling your property to a conservation organization or government agency may include relief from farmland assessment rollback taxes and may also include paying no real estate commission if your property is unlisted and if you deal directly with the organization or agency that is purchasing your property. Selling to a government agency will give you the additional benefit of owing no transfer tax.

SALE AT FAIR MARKET VALUE

Sale at fair market value is the sale of property for the price a knowledgeable buyer will pay for the land. However, two major considerations should be kept in mind. Most conservation agencies are often unable to purchase land at fair market value as they have insufficient funds available for the purchase of land and must be particular about their purchases. Therefore, the opportunities to sell at fair market value are limited. Also, if your land is sold for its full value and has appreciated in value since its purchase, you may be liable for substantial taxes on the capital gain. This can significantly affect your net profit from the sale. However, there are alternatives.

BARGAIN SALE

A bargain sale combines the income-producing benefit of a sale with the tax-reducing benefit of a donation. In a bargain sale, a government agency or charitable conservation organization purchases your property for a price less than fair market value. By offering the property at a lower price, you are more likely to find a willing buyer since most land preservation organizations have limited funds.

A bargain sale also avoids the expenses that you would entail if your land were sold on the open market. You can claim a charitable contribution deduction on your federal and state income tax for the difference between the bargain price and the fair market value. This deduction, together with a smaller capital gains tax from the reduced selling price, can offset some of the monetary loss caused by not selling at fair market value.

For any bargain sale, your intent to contribute the fair market value of the donated property in excess of the sales proceeds should be put in writing. If the gift of property is worth over $5000, the value of the asset must be substantiated by a qualified appraisal in order to receive the tax deduction.

A gift of land that is subject to a mortgage may also be considered, for tax purposes, to be a bargain sale. Of course, the premium owed on the mortgage must be less than the land's fair market value. The donee would pay or take over the mortgage, and for income tax purposes, the amount owed on the mortgage is considered to be the sale price paid and the difference between the amount owed and the fair market value of the land would be considered the donation. When planning to sell your land via a bargain sale, you should consult with your financial advisor.

INSTALLMENT SALE

An installment sale allows an agency to purchase property over a period of several years and, thus, you would accept a series of payments for your land over time rather than as a lump sum. The use of the land and the responsibility for payment of property taxes until the sale is complete are negotiable terms of the agreement. An installment sale gives the conservation organization the advantage of making land acquisitions with much smaller initial outlays. This gives them time to raise the funds needed for the balance.

You benefit financially by spreading the income and the taxable gains over several years. You may wish to note that special income tax rules apply to installment sales of property. These tax rules may affect the final financial outcome. Another way to stagger the income and payments is to physically divide the property so that the land is purchased in stages. When considering an installment sale, consultation with your financial advisor is highly recommended.

SALE WITH A RESERVED LIFE ESTATE

If you sell property to a landholding agency, but retain a reserved life estate, you and your family may continue to use the land during your lifetime or their lifetimes. You will have to continue to pay the real estate taxes on the portions of land retained for your use. The amount of capital gains will depend on whether or not the sale is at fair market value.

SALE WITH A LEASEBACK

A leaseback is where you sell property to a government or conservation agency, and then lease it back for your own specified use. You may receive tax benefits from the sale, which would depend upon whether the land was sold at fair market value or not. Possible benefits and/or liabilities of sale with a leaseback should be discussed with your financial advisor.

Atlantic White Cedar wetlands at Hamilton Preserve. The original parcel of this environmentally important 499-acre preserve was donated in 1985 by several joint owners when no onsite, low cost solution to water and sewage issues could be found for an approved subdivision.

THE LIMITED PRACTICAL USE INITIATIVE IN THE PINELANDS

Through the Limited Practical Use (LPU) initiative, the New Jersey Green Acres Program can purchase land in the Pinelands National Reserve from owners of less than 50 acres, whose land-use is restricted due to current land use regulations. For further information on the LPU program, contact the Green Acres Program at 609-984-0500 or www.state.nj.us/dep/greenacres.

OPTION TO PURCHASE

If the timing for selling your land is not a factor, you may give or sell a conservation organization an option to purchase. This also is of benefit to a conservation organization that does not have the funds to buy your land immediately. Under an option, the landowner and conservation organization contractually agree on a sale price and the conservation organization is given a specified amount of time to exercise the option. The conservation organization, however, is not obligated to purchase the land.

During the option period, the land cannot be sold to any other buyer, giving the conservation organization the time needed to raise the funds for the purchase. The option also enhances the organization's fundraising since people are more apt to donate when they know that the money is going to protect a specific piece of land at a specific cost.

RIGHT OF FIRST REFUSAL

If you are interested in preserving your land and are not ready to commit to selling it, you might want to consider granting a "right of first refusal" to a conservation organization. This gives the organization the opportunity to match any bona fide offer you receive. As with an option, a right of first refusal does not obligate the conservation organization to purchase the land.

Transfer of Title with Conditions Attached

At times, it may be necessary or desirable to place restrictions on the use of the property to protect the land's natural attributes. Prior restrictions may be required if the property is to be sold on the open market and the landowner wishes to protect its future use, or if the land is being sold or donated to an agency that may not be well-established or whose purpose is not well defined. Land-use restrictions can be accomplished by attaching conditions to the property's title. Restrictions imposed by the owner in cases of donations or bargain sales may reduce the tax advantages of these transactions and should by discussed with your financial advisor.

CONSERVATION EASEMENTS

A conservation easement protects the property against the destruction of natural resources or open space by setting limitations on the land's use. Conservation easements "run with the land" and, thus, are permanent and apply to all future landowners. The easement is either granted or sold to a qualified public or private organization that will be responsible for long-term enforcement of the easement (see also, Conservation Easements, page 16).

By restricting some of the future uses allowed on the property, you may reduce the value of the land on the open market. If this is the case, you should expect a lower price for the property at resale. However, upon granting the easement, the easement's appraised value may be deducted as a charitable deduction for federal and state income tax purposes. If the land is donated to a qualified charitable organization or government agency, you may still deduct the value of the land, after the easement, as a charitable contribution (see Donation of Property, page 4.)

The granting of a conservation easement provides an excellent way to control the future use of the land. It also may provide federal and state tax incentives. All easements should be thoughtfully designed, carefully drafted, and discussed with your legal and financial advisors and the conservation group that will monitor and enforce the easement.

DEED RESTRICTIONS

Restrictions guiding the future use of your property may be placed in the deed at any time, including when the property is transferred. Deed restrictions differ from conservation easements, as there usually is not a third party assuming the monitoring and enforcement responsibility. Deed restrictions may be appropriate if the land is being transferred to another landowner or to a landholding agency.

How the restrictions will be enforced is a crucial factor when considering deed restrictions. Depending on circumstances, there may be limitations on who can enforce the restrictions and for how long. If you convey property to another person, place restrictions in the deed, and do not monitor activities on the property, you may not be able to enforce the restrictions. Deed restrictions, in the case of donations or bargain sales, may reduce the tax advantages of these transactions and should be discussed with your financial advisor.

Deed restrictions usually affect the market value of the land, especially if they significantly limit development potential. The presence of restrictions may lower the price if the property is sold, or lower the gift value if the land is donated to a conservation agency. The IRS does not allow you to claim loss in value as a charitable deduction resulting from deed restrictions that you impose.

CONDITIONAL TRANSFERS AND REVERTER CLAUSES

A conditional transfer gives more force to a deed restriction. If the restrictions entered in the deed are violated, title to the land will revert automatically to the original landowner and heirs or be transferred to a conservation agency, depending on who would be in the best position to protect the land and enforce the restrictions. Thus, the penalty in this situation is much greater; the owner can lose the title to his or her land if the restrictions are not observed.

The loss in value to your land resulting from conditional transfers may allow you to claim the transfers as a charitable deduction if the fee-simple rights are donated to a qualified organization or agency, and the reverter benefits another qualified conservation entity. Restrictions and/or reverter clauses that benefit the landowner or the landowner's family may reduce the value of the gift. As always, options should be discussed with your financial advisor.

Options: Retaining Ownership

Most of New Jersey's open space and environmentally sensitive lands will remain in the hands of private landowners. If the natural heritage of New Jersey is to be preserved, it will be primarily through the efforts of private property owners—landowners like you—who are concerned enough about land conservation to protect natural lands voluntarily. A variety of options exists to protect privately owned natural lands.

Conservation Easements

Owning land is similar to owning a bundle of rights. With a conservation easement, the landowner gives away some of the rights, such as the right to subdivide, to cut down trees, or to build on the property, in order to protect the natural aspects of the land. A conservation easement is a legal agreement between a landowner and a qualified conservation organization or government agency that permanently limits a property's uses in order to protect its conservation values.

A conservation easement enables the landowner to protect the land in perpetuity while retaining ownership. If you place an easement on your land, you may continue to use the land just as you have in the past, as long as the use does not conflict with the terms of the easement. In addition, you can also sell, lease, or convey the land subject to the explicit terms of the easement. The responsibilities and rewards of ownership continue, and unless you specify otherwise, you still retain full control over public access.

A conservation easement can be created to suit your needs—it serves to protect the land as you wish, and to allow activities that you want on your land. Easements are often written to encourage good agricultural and forestry practices. They often prohibit or limit uses that would disturb the natural qualities of the property, such as development and commercial use. A conservation easement can cover a few acres or several thousand acres. It does not have to protect the entire property, but may include only the portion that you choose to protect. A conservation easement can also be combined with other protection methods. Landowners grant conservation easements primarily to protect land that they value, and to protect land that is important for its current and future natural attributes. There can be

significant financial benefits for granting a conservation easement in perpetuity.

A conservation easement donated to a qualified agency is not tax deductible unless its purpose is to protect land for conservation in perpetuity ("term" easements, which are put in place for a set number of years, do not qualify for a tax deduction). To the IRS, conservation means the land under easement is protected for the public good—for the preservation of significant wildlife habitat, open space, outdoor recreation lands, farmland, viewshed, watershed, or the preservation of a historically important land. To qualify as a tax-deductible gift, the easement must be donated to a qualified charitable organization that has the commitment and resources to enforce the easement. An easement, however, does not have to cover all of the property, preclude all use or development, or allow public access in order to qualify for a charitable deduction.

An easement usually decreases the market value of the land because it limits the potential development and use of the property. Frequently, descendents who inherit family lands must sell all or part of the property to pay estate or inheritance taxes. However, if due to a conservation easement, the market value of the land has been reduced, estate taxes and inheritance taxes may also be lower than they would have been without the easement. In some instances, the imposition of conservation easements has actually enhanced the value of the burdened lands. In either case, granting a conservation easement can be important for your heirs, as well as for the future of the land.

During your lifetime, a conservation easement donated to a charitable organization can be claimed as a deduction on both your federal and state income taxes. For income tax purposes, the value of the easement is the difference between the value of the land with the easement and its value without the easement, as determined by an appraisal. There are, however, limitations on how much a taxpayer is allowed to deduct per year. With good financial planning, the good news is that the deduction of each qualified donation can be used for up to a maximum of 6 years. Easement values have ranged from less than 10% to greater than 90% of a property's fair market value. In general, the highest easement values arise from very restrictive conservation easements on tracts of developable open space in areas where development pressures are intense. An easement over an undevelopable wetland, or a remote farm, or one that allows subdivision and development, will have a lower value. Since easements may affect the land's fair market value, they also may decrease the land's assessed value for property tax purposes; thus, the easement may result in a substantial property tax benefit depending on the restrictions imposed.

The conservation organization or government agency receiving the easement takes on the permanent responsibility and legal right to enforce the terms of the easement. The organization will monitor the easement by inspecting the land (usually on a yearly basis) and talking to the landowner about the landowner's future plans. This helps to avoid conflicts with the easement. If a future owner, or someone else, violates the easement, the conservation organization or government agency will take action to have the violation corrected. This includes going to court, if necessary. Because these permanent responsibilities result in perpetual costs to the organization or agency, the organization or agency may request a donation from the easement donor to help pay for future stewardship expenses.

A conservation easement can also be donated by will. You won't receive the income tax and property tax benefits that you might have if you had donated the easement during your lifetime, but the estate taxes will be reduced just as they would have been by donating during your lifetime. Like an easement donated during life, an easement to be donated by will should be negotiated between you and the conservation organization to which you plan to donate. This not only helps assure that the easement is crafted in such a way that it will achieve what you want to do, but it also avoids placing the organization in a position of receiving or having to refuse an easement that does not meet its conservation objectives or that it cannot adequately monitor.

Wallkill River wetlands at Wallkill Preserve. Besides being an important habitat for plants and animals, the preserve's natural river frontage is essential for flood control and water quality protection.

Although the most common way to convey an easement is through donation,

a few nonprofit organizations and some government agencies purchase easements. This is most common for easements protecting farmland, often through a government "purchase of development rights" (PDR) program. Conservation easements are also sometimes purchased in a bargain sale or given in return for a charitable gift annuity. Selling a conservation easement at full value rules out a charitable deduction and would usually trigger a capital gains tax.

Mutual Covenants

Instead of involving a conservation agency, a mutual covenant involves only nearby or adjacent landowners who are interested in protecting their land. The landowners enter into an agreement controlling the future use of their land through restrictions agreed upon by all participating landowners. Such agreements are permanent and may be enforced by any of the landowners or future landowners of the involved properties. They may not, however, be enforced by outside parties.

Mutual covenants differ from conservation easements in several ways. First, a person or a group of people rather than a conservation agency or organization would enforce the restrictions. A landowner's knowing that the neighbors are aware of what can or cannot be done on his or her property may be enough to keep the landowner from breaking the agreement's terms.

Second are financial considerations. The loss in market value from mutual covenants cannot be claimed as a charitable deduction on income tax returns even though the local assessor may consider the mutual covenant for property tax reduction and the appraiser may take the mutual covenant into account when determining the value of an estate at time of death. Finally, mutual covenants are not necessarily permanent and may primarily benefit adjacent property owners more than the general public. Again, you should consult your financial advisor prior to entering into a mutual covenant.

Leases

Leases are rental agreements. They provide an alternative if you do not wish to transfer your land to a conservation agency or organization, but want to see it used or protected by such a group for a period of years. A land management agency pays rent to you for the temporary control of your property—the lease allows unrestricted and exclusive use of the land by the agency for a given number of years. Certain use restrictions can also be incorporated through the lease. Moreover, you can include provisions that terminate the lease if the conservation group does not use the property as directed.

Even if rental payments are not received for the use of the land, there may be other financial incentives that accompany the leasing of land. Although it is not possible to take a charitable deduction for the value of a lease that is donated, any impact of the lease on the value of the land would be taken into account when estate taxes are calculated.

Management Agreements

A management agreement is a legal contract between you and a conser-vation organization requiring you to manage the property in a specific way for a determined amount of time. A management agreement is good for landowners who have already been managing their land for conservation purposes. Frequently, management agreements are voluntarily granted by landowners and are designed to suit both parties.

Land Preservation: A Perpetual Obligation

The Importance of Contributing to a Conservation Organization's Stewardship Funds

Protecting property, especially through a charitable gift, is a major commitment for any landowner. Accepting a conserva-tion easement or property, likewise, is a major commitment for a conservation organization or government agency. The organization or agency assumes the legal responsibility of permanently protecting the property's conservation resources. Reputable, land preservation groups take this responsibility very seriously.

Landowners who donate land or easements are commonly asked to help ensure that the property can be protected forever by contributing a monetary donation to a permanent stewardship fund. This fund is sometimes called a management, monitoring, or legal enforcement fund.

Conservation groups rely partly on charitable donations of cash and bequests in order to further their work. Based on their individual circum-stances and inclination, donors may express the amount of their generosity in various ways. The ideal amount would be that which would earn enough interest to cover the projected expenses and upkeep of the property.

Delaware River Bluff at Milford Bluffs Preserve. The red shale bluff, with its hot, dry microclimate, along with the mesic community at the base of the bluff is under the stewardship of The Nature Conservancy. Both communities are home to rare plant species.

If a full contribution is not possible at the time of land donation, the landowner may spread out the pledge over several years. Some donors have chosen to donate an amount equal to a year's worth of taxes which would otherwise be due if the conservation group did not accept the property in a timely manner. Some donors remember the conservation group in their wills. It is a personal choice. Because it is a land management *donation*, it is not always *required* for the consideration of a land offer. However, a conservation group's decision-makers will look more favorably on a land donation offer, which includes endowment funds.

Tax Considerations Concerning Gifts of Land

The desire to protect your land is the primary reason for donating property or a conservation easement to a conservation organization or a government agency; however, it is frequently the tax incentives that make it possible to give generously and accomplish significant protection.

What is a Charitable Gift?

The first step in figuring your potential tax deduction is to determine whether your donation is a charitable gift in the eyes of the IRS and the State.

The gift must be a true gift; one for which no benefit is anticipated in exchange. In addition, a gift generally must be complete and irrevocable, without strings or contingencies. The IRS also generally requires that the donor give up the entire interest in the property (exceptions are conservation easements, remainder interests, and undivided interests). Determining what is a charitable gift is usually straightforward; but you should have your financial advisor review the gift's terms and advise you as to its deductibility.

Substantiating the Value of Gifts

In order to take a tax deduction for gifts worth more than $5000, the landowner must obtain a qualified appraisal by a "qualified appraiser." The tax code outlines the specific information that must be included in an appraisal. A qualified appraiser is generally one who holds himself out to the public as an appraiser, who is qualified to make appraisals of the type in question, and whose relationship to the taxpayer and donee would not cause a questioning of his independence. You should seek an appraiser with experience appraising land and improvements of the type to be appraised. A land trust may be able to provide a list of appraisers, but cannot provide the appraisal.

The appraisal cannot be completed earlier than sixty days before the date of the gift and must state the fair market value of the gift as of the date of the contribution. A summary of the appraisal (IRS Form 8283) signed by the land trust and the appraiser must be attached to the income tax return.

Other Deductions

Hal Taylor meets with a NJ Natural Lands Trust staff person on the banks of the Delaware River at the Taylor Wildlife Preserve. In 1975, the Taylor family chose to permanently protect the land surrounding their farm by donating an 89-acre conservation easement to the Trust.

Some of the costs incurred in making a charitable deduction are themselves deductible. Legal and appraisal fees are generally deductible to the extent that, in combination with various other miscellaneous deductions, they exceed 2% of your adjusted gross income. In addition, any cash, securities, or other assets given to endow management of the property or administration of the easement are deductible as charitable contributions.

Considering the Choices

Many of the questions affecting your final decision concerning your land must be answered by you. For example, “Should you limit the development potential of your land?” and “How important is continued ownership of the property to you and your family?” You can help ensure an appropriate decision by obtaining professional advice. The conservation entity you choose should be able to provide guidance and start you in the right direction.

In addition, if you are considering protecting your property through one of the options described in this handbook and you want to maximize the benefits of your donation, you should discuss the possibilities with an attorney and/or other financial advisor who is familiar with land conservation law and with the tax implications of land conservation. Before reaching a decision on which technique to use, you should be fully aware that the option chosen is legally sound, protects your land adequately, and satisfies your needs from a tax planning perspective. The final decision lies with you.

A real estate appraiser can determine the effect of the proposed measure on the value of your property, or the value of the gift to be donated. Only if you have a realistic idea of the financial impact of the conservation measure can you make an informed decision on which land protection option, if any, to choose. If your financial situation is complex and tax advantages are critical to you in deciding to proceed with the transfer, the consultation of an accountant or financial advisor is imperative.

It is crucial to review each option carefully, define your conservation goals, and obtain any necessary expert legal and financial advice before choosing the conservation method most appropriate for your personal situation. Sometimes a combination of techniques is appropriate. The range of options available should allow you sufficient variety to find a suitable solution. If you would like to discuss any of these options with a New Jersey land organization or agency, you or your financial advisor can contact any of the public and private conservation organizations listed on page 31 of this booklet.

Glossary

Agreement of sale: A legal agreement between two or more parties that defines the terms and conditions of a conservation purchase.

Appraisal: Professional assessment of property value based on land attributes, market conditions, and zoning by a qualified appraiser.

Assessment: The valuation of property for property tax purposes in order to apportion a tax on it, according to its value or in relation to the benefit received from it.

Bargain sale: The sale of property to a charitable and tax-exempt organization for less than its fair market value. The difference between the sale price and the appraised fair market value may qualify as a tax deductible, charitable contribution.

Bequest: A gift of land or other asset through a person's will.

Capital gain: Profit from the sale of property in excess of its basis (basis is the cost of property at the time of acquisition, or value when inherited, plus the cost of certain permanent capital improvements).

Charitable donation: An outright gift or contribution, with charitable intent, whose value is deductible pursuant to federal and state income and estate/inheritance tax laws.

Compensation choices: Cash, tax benefits, and/or personal satisfaction in exchange for preservation of land.

Conditional transfer: A conditional transfer requires that the land will revert automatically to the original owner and heirs or be transferred to a conservation agency if deed restrictions entered in the land's deed are violated, giving more force to the deed restriction.

Conservation easement: A legal agreement between a landowner and a conservation organization or government agency that permanently limits a property's uses in order to protect the property's conservation values. It is a legal instrument by which a landowner a) limits, without relinquishing ownership, the development potential of property which has significant natural resource, open space, or habitat value, and b) grants the right to conserve those values. A conservation easement "runs with the land"; that is, the original owner and all subsequent owners are bound by the restrictions of the easement. The executed easement document is recorded at the County Recorder's Office enabling all future owners and lenders to learn about the restrictions when they obtain title reports.

Conveyance: A written instrument used to transfer (convey) title or rights to property, such as a deed, easement or lease.

Deed restrictions: Restrictions placed within a property's deed guiding the future use of the property.

Donation: An outright gift, with or without charitable intent.

Donee: One who receives a donation.

Donor: One who makes a donation.

Estate: The property and possessions of a deceased person.

Estate tax: Tax on certain assets that have been transferred from a deceased person to his or her heirs. Also called death tax or inheritance tax.

Exchange: A means of trading equities in two or more real properties —treated as a single transaction.

Fair market value: The price that a willing buyer would pay a willing seller, neither being under any compulsion to buy or sell and both having full knowledge of relevant facts surrounding the transaction.

Fee simple interest (fee simple estate): Absolute ownership of property. The greatest interest that one can have in real property, being unqualified, of indefinite duration, freely transferable, and inheritable.

Gift by devise: A gift of land through a person's will.

In perpetuity: Forever.

Installment sale: A tax-motivated mechanism that defers the transfer of title and spreads the income from the sale over several years, thereby helping to reduce capital gains tax.

Interest in property: A right or share in the ownership of property.

Irrevocable: Binding in perpetuity. Incapable of being revoked.

Land trust: Nonprofit organization that protects land directly, usually by helping landowners establish a conservation easement, accepting donations of property, easements, cash and other assets for use in the pursuit of its mission, or buying land.

Lease: A rental agreement (a land management agency may pay rent for the temporary control of a property).

Leaseback: A conveyance of property that includes a right to lease by the former owner.

Lessee: One to whom a lease is granted; a tenant holding property by lease.

Lessor: One who grants a lease.

Limited practical use (LPU) initiative: Through the limited practical use initiative, the New Jersey Green Acres Program can purchase land in the Pinelands from owners of less than 50 acres, whose land-use is restricted due to current land use regulations.

Management agreements: A management agreement is a legal contract between you and a conservation organization requiring you to manage the property in a specific way for a determined amount of time.

Market sale: A sale of real property priced at fair market value.

Mutual covenant: A mutual covenant is an agreement that involves only nearby or adjacent landowners who are interested in protecting their land. The landowners enter into an agreement controlling the future use of their land through restrictions agreed upon by all participating landowners.

Nonfinancial benefits: Non-monetary rewards such as personal satisfaction, public recognition, dispute settlement, mutual protection with neighbors, and peace of mind.

Option to purchase: An option to purchase may be given or sold to a conservation organization. Under an option, the landowner and conservation organization contractually agree on a sale price and the conservation organization is given a specified amount of time to exercise the option; however, is not required to purchase the land.

Ownership: Holding lawful title to property (*see* title).

Preliminary assessment (Phase I): The first phase in determining whether contaminants are present at the site. It consists of diligent inquiry of environmental records.

Real property or realty: Land and generally permanent improvements erected on it or growing on it.

Remainder interest: An interest in property which does not transfer complete possession of the property until the release of a prior interest; such as after a life estate.

Reserved life estate: An interest in land, the term of which is limited to the life of a person. This is the right retained by the owner or other named individuals to live on or use the property for life.

Restriction: A limitation on the use of real property. Property restrictions fall into two categories—public and private. Zoning ordinances are examples of the public type. Land trusts use private restrictions in the form of a covenant that specifies permitted and restricted uses.

Restrictive covenants: Limiting future use of the property through recorded conditions or restrictions.

Reverter clauses: See conditional transfers.

Right-of-first-refusal: A recorded agreement that requires landowners, if they receive an offer to buy their land, to allow another entity, such as a conservation organization, to match the offered price.

Settlement: The final transfer of a deed or conservation easement between the landowner and the conservation organization or government agency at which time the transfer documents are signed and the landowner receives monetary compensation if it is due.

Site investigation (Phase II): The second phase in the process of determining whether contaminants are present at the site. It comprises collection of environmental media for laboratory analysis.

Survey: A description and mapping of the metes and bounds that define a property's boundaries and may indicate location of easements, right-of-ways, improvements, and encroachments related to the site.

Tax benefits: Income and estate tax deductions derived from qualified charitable donations. A reduction of assessed value for property tax purposes would also be a potential tax benefit. In addition, State transfer taxes can be forgiven on sales or bargain sales to a government agency.

Title: The right to, or ownership, of land. Indicates "fee" position of ownership and right to property. The entire "bundle of rights" possessed by a property owner.

Title binder: Statement of documents or facts appearing in public records which affect title to a property and setting forth conditions for insurance of the title policy.

Title policy (insurance): Insurance against loss or damage resulting from defects in title.

Undivided partial interests: The donation of undivided partial interests is the division of a single large donation into several smaller donations by donating a series of fractional interests in the whole property over several years.

Public and Private Conservation Organizations

Public/Private Agencies

New Jersey Natural Lands Trust
P.O. Box 404
Trenton, New Jersey 08625-0404
PH: (609) 984-1339, FAX: (609) 984-1427

The New Jersey Natural Lands Trust is an autonomous, state land preservation organization that owns and manages undeveloped land from Sussex County to Cape May. Policy is set by an eleven-member Board of Trustees representing the public and the private sector.

The organization was created to find new ways of securing land for the preservation of natural diversity. The Trust obtains land through donations from private landowners, from conservation easements granted to the Trust, and, occasionally, through purchase.

The land owned by the Trust represents many diverse habitats—each with its own management requirements and responsibilities. Trust lands are managed to conserve habitat. Passive recreational use is permitted provided the use will not adversely affect natural communities and biological diversity. To manage the preserves, the Trust relies on the help of volunteers. The volunteers assist with trail maintenance, tree plantings, inventories, litter clean up, and monitoring.

State Agriculture Development Committee (SADC)
NJ Farmland Preservation Program
P.O. Box 330
Trenton, NJ 08625-0330
PH: (609) 984-2504, FAX: (609) 633-2004
email: agsroma@ag.state.nj.us

The State Agriculture Development Committee (SADC) administers and coordinates the State's farmland preservation programs. The SADC, which is in, but not of, the New Jersey Department of Agriculture, is also charged with specific right-to-farm responsibilities and oversees the newly organized Transfer of Development Rights Bank.

All of the farmland preservation programs administered by the SADC are voluntary. Although the specifics of the programs vary, each protects farmland by imposing either permanent or eight-year, deed restrictions which prohibit non-agricultural development. In certain cases, the SADC may purchase farms directly—“in fee simple”—for resale at public auction with permanent deed restrictions.

In addition, most NJ counties have county Agriculture Development Boards (CADB’s). For information on the CADB in your county, contact the State Agriculture Development Committee at the number listed above.

Private Organizations

Association of New Jersey Environmental Commissions (ANJEC)
P.O. Box 157, 300 Mendham Rd.
Mendham, New Jersey 07945
PH: (973) 539-7547, FAX: (973) 539-7713
email: ANJEC@aol.com

The Association of New Jersey Environmental Commissions (ANJEC) assists in the formation of new municipal and county environmental commissions and offers professional guidance, research, and educational services to established commissions. ANJEC encourages communities and citizens to pool resources in dealing with legislation and regulatory issues. The Association also promotes the conservation of natural resources and helps citizens work together for a better environment.

The ANJEC Environmental Congress is held annually and is a statewide gathering of environmental organizations, agencies, and citizen groups.

The Land Trust Alliance
1319 F Street NW
Washington, DC 20004-1106
PH: (202) 638-4725, FAX: (202) 638-4730
email: lta@lta.org

The Land Trust Alliance (LTA) is the national umbrella organization of land trusts. By joining together in the LTA, grassroots land conservation groups learn from one another, gain access to essential information and technical expertise, build public awareness about their work, and acquire political support of voluntary protection of land.

The Nature Conservancy
New Jersey Field Office
Elizabeth D. Kay Environmental Center
200 Pottersville Rd.
Chester, NJ 07930
PH: (908) 879-7262, FAX: (908) 879-2172

The Nature Conservancy, established in 1951, is an international, nonprofit organization dedicated to preserving the plants, animals and natural communities that represent the diversity of life on Earth by protecting the lands and waters they need to survive. The Conservancy now owns and manages more than 1,400 nature preserves across the country, which constitutes the largest system of privately owned nature preserves in the world. Active in the Garden State since 1955, the Conservancy established a New Jersey Chapter here in 1988, and has already protected more than 55,000 acres here, with some 35 nature preserves currently located in New Jersey. Three areas in New Jersey—the Delaware Bayshores, the Pine Barrens, and the Skylands—have been designated by the Conservancy as “Last Great Places,” where Conservancy staff based in local offices work closely with local governments and landowners to use both traditional and innovation manes of protecting land. The Conservancy’s headquarters in New Jersey are located in Chester Township, Morris County.

New Jersey Audubon Society
9 Hardscrabble Rd.
P.O. Box 126
Bernardsville, NJ 07924
PH: (908) 204-8998, FAX: (908) 204-8960
email: njaudubon@aol.com

The New Jersey Audubon Society (NJAS) is New Jersey’s oldest and largest environmental organization. Since its founding in 1897, NJAS has been a leader in conservation, environmental education, and wildlife research. NJAS maintains a network of sanctuaries and nature centers throughout the state. The New Jersey Audubon Society, with its interest and expertise in migratory birds and their habitats, also operates a research facility called the Cape May Bird Observatory. The observatory is strategically located at one of North America’s most critical migratory junctions.

Due to the state’s strategic location and diverse habitats, New Jersey is critical to the Western Hemisphere’s bird populations. The New Jersey Audubon Society has played a major role in preserving significant natural areas in New Jersey. NJAS has also worked with State agencies and their programs in order to develop legislation to protect the state's habitats and wildlife.

New Jersey Conservation Foundation (NJCF)
Bamboo Brook
170 Longview Rd.
Far Hills, NJ 07931
PH: (908) 234-1225, FAX: (908) 234-1189
email: mail@njconservation.org

The New Jersey Conservation Foundation's (NJCF's) goal is to promote the conservation of New Jersey's open space and natural resources by acquiring land for transfer to other organizations or agencies. NJCF assists private organizations and government agencies in preserving natural ecosystems, agricultural lands, recreational properties, and open space throughout the state. NJCF also demonstrates, promotes, and publicizes new techniques to preserve land and encourages appropriate land use.

Furthermore, the Foundation advocates laws and regulations promoting conservation while providing for environmental education and serving as an information and reference center. A key activity of NJCF is to provide liaison among citizen organizations, industry, and government agencies concerned with the environment.

The Trust for Public Land—NJ
20 Community Place, 2nd Floor
Morristown, NJ 07960
PH: (973) 292-1100, FAX: (973) 292-6272
email: leigh.rae@tpl.org

The Trust for Public Land (TPL) is a national, nonprofit land acquisition and conservation organization. TPL works with community groups, landowners, and public land management agencies to preserve open space and to develop new methods for community ownership of land.

TPL helps organizations and agencies in rural and urban areas acquire and protect scenic, recreational, agricultural, and wild lands for the community's benefit. With expertise in real estate, community organizing, land-use planning and tax law, TPL professionals act quickly and efficiently to carry through land transactions. By partnering with community groups, they encourage the community groups themselves to become successful land and resource protection entities.

Government Agencies

STATE PROGRAMS

Land Preservation and Park Development Funding Agencies

Green Acres Program
Department of Environmental Protection
501 E. State St., P.O. Box 412
Trenton, New Jersey 08625
PH: (609) 984-0500, FAX: (609) 984-0608
www.state.nj.us/dep/greenacres

The Green Acres Program was created in 1961 to meet New Jersey's growing recreational and conservation needs. As the land acquisition agent for the Department of Environmental Protection (DEP), Green Acres acquires land, which becomes part of the system of state parks, forests, natural areas and wildlife management areas. To date, Green Acres has protected more than 493,000 acres of open space and developed hundreds of public parks, bringing the state-wide system of preserved open space to nearly 2 million acres.

Green Acres works with landowners, municipal and county governments, nonprofit agencies, conservation organizations, and other public and private partners to protect land through direct purchase or conservation easement. Additionally, Green Acres provides grant and low interest loan funding to local government agencies and nonprofit organizations to acquire open space and develop outdoor recreation facilities.

Land Management Agencies

Division of Fish, Game, and Wildlife
Department of Environmental Protection
Station Plaza 5
501 E. State St., P.O. Box 404, 3rd Flr.
Trenton, New Jersey 08625
PH: (609) 292-2965, FAX: (609) 984-1414
www.state.nj.us/dep/fgw

The goal of the Division of Fish, Game and Wildlife is to protect and manage fish and wildlife resources and habitats in New Jersey. The Division's various management units conduct research aimed at developing regulations governing the harvest of fish and wildlife and the protection of their habitat.

The Division's Wildlife Management Areas are protected for the benefit of fish and wildlife, and are also open and accessible for appropriate outdoor recreational uses.

Division of Parks and Forestry
Department of Environmental Protection
501 East State Street, P.O. Box 404
Trenton, New Jersey 08625
PH: (800) 843-6420 or (609) 984-0370, FAX: (609) 633-7593
www.state.nj.us/dep/forestry/parknj

The Division of Parks and Forestry administers the largest of the state-owned landholdings. The Division's lands include valuable natural and historic resources, such as Revolutionary War sites and historic villages dating back to the bog iron industry era.

The Division of Parks and Forestry includes the Office of Natural Lands Management, State Park Service, State Forestry Service and Historic Preservation Office. Each of these programs either independently, or when undertaken collectively, help us to protect, preserve and enhance some of the State's most valuable natural and historic resources.

COUNTY AND MUNICIPAL OPEN SPACE PROGRAMS

Most of New Jersey's twenty-one counties and many of our 566 municipalities have active open space preservation programs. Check with your county and local government to see if these agencies may be interested in helping you protect your land.

FEDERAL PROGRAMS

U.S. Fish and Wildlife Service
Regional Office
300 West Gate Center Dr.
Hadley, MA 01035-9589
PH: (413) 253-8559, FAX: (413) 253-8480
www.fws.gov

The U.S. Fish and Wildlife Service is the federal government's principal agency for the protection of the nation's fish and wildlife. The Service manages wildlife habitat lands throughout the United States.

Created more than 100 years ago as the Bureau of Biological Survey, the Fish and Wildlife Service today has a headquarters in Washington, D.C., eight regional offices, and a variety of field stations across the country. The Northeast Region is comprised of thirteen states and stretches from the coast of Maine and the mountains of Vermont to the beaches of Virginia and the Ohio River of West Virginia. Diverse and abundant wildlife are found in this area of the country, in habitats varying from fresh and salt-water ecosystems to interior woodlands.

Other Sources of Information

THE NEW JERSEY CONSERVATION FOUNDATION:

Saving Land in Your Community: A Resource Book for Land Protection in New Jersey.

To order this publication call (908) 234-1225
or by email: mail@njconservation.org

DEPARTMENT OF THE TREASURY, INTERNAL REVENUE SERVICE PUBLICATIONS:

Publication 526, Cat. No. 15050A, Charitable Contributions.
Publication 561, Cat. No. 15109Q, Determining the Value of Donated Property.

To receive these publications, call 1-800-TAX-FORM (1-800-829-3676), OR write to: Eastern Area Distribution Center. P.O. Box 85074, Richmond, VA 23261-5074, OR by computer http://www.irs.ustreas.gov. To receive personal assistance, call 1-800-829-1040.

PUBLICATIONS AVAILABLE FROM THE LAND TRUST ALLIANCE:

Conservation Options: A Landowner's Guide.
Companion Brochures: Conservation Options for Private Landowners and Protecting your Land with a Conservation Easement.
Preserving Family Lands—Books I and II, by Stephen J. Small.
Video: Land Trusts in America, Guardians of the Future.
Video: For the Common Good: Preserving Private Lands.

To order these publications, go to www.lta.org or call (202) 638-4725.

State of New Jersey Taxation —Chapter 372

AN ACT allowing taxpayers a deduction against gross income for qualified contributions of certain interests in real property for conservation purposes, supplementing Title 54A of the New Jersey Statutes.

BE IT ENACTED *by the Senate and general Assembly of the State of New Jersey:*

N.J.S.A. 54A:3-6 Deduction for qualified conservation contribution.

1. A taxpayer shall be allowed a deduction against gross income for a qualified conservation contribution, as defined under subsection (h) of section 170 of the federal Internal Revenue Code of 1986, 26 U.S.C.s.170, made by the taxpayer of a qualified real property interest in property located in this State. The amount of the deduction in a taxable year shall be equal to the amount of the contribution allowed in the taxable year as a deduction pursuant to section 170 of the federal Internal Revenue Code of 1986 in computing the taxpayer's taxable income for federal income tax purposes.
2. This act shall take effect immediately and shall be applicable to qualified conservation contributions made during taxable years beginning on or after January 1 of the calendar year in which this act takes effect.

Approved January 14, 2000.

The Nature Conservancy of New Jersey
Elizabeth D. Kay Environmental Center
200 Pottersville Road
Chester, NJ 07930
(908) 879-7262
Fax: (908) 879-2172

The New Jersey Natural Lands Trust
Office of Natural Lands Management
Division of Parks and Forestry
Department of Environmental Protection
P.O. Box 404
Trenton, NJ 08625
Tel.: (609) 984-1339
Fax: (609) 984-1427