

The New York Forest Owners Association

» POSITION STATEMENT «

Increasing Incentives for Conservation Easements

Situation Statement

The continuing rise in both property values and taxes threatens the future of New York's working farm and forest landscapes. With respect to forest land, high taxes and high property values provide an incentive to liquidate timber, subdivide, and sell the land. Overcutting, frequent turnover of land, and subdivision all discourage long term stewardship of forest land. There is also the related loss of open space and important wildlife habitat.

One of the most effective tools available to landowners who want to protect their forest land from future subdivision and development is a conservation easement. Most conservation easements are donated to qualified land trusts with the landowners receiving state and federal income tax deductions. The property continues to be privately owned and remains on the tax rolls but cannot be converted to another use. This encourages the practice of long term forest management.

Unfortunately, the attractiveness of this strategy is limited in New York State. This is because landowners have no guarantee that the forfeiture of development rights under a conservation easement will result in a commensurate reduction in property taxes. Tax assessors generally do not decrease the property tax assessment to reflect the devaluation of protected property. The lack of fair and adequate property tax relief is a major deterrent to forest owners from conveying conservation easements. This can be a serious problem because property taxes often exceed the value of annual growth. In order to encourage more use of conservation easements, it is important that assessments on lands under an easement be based on the inherent productivity of the land rather than on potential development value.

The New York Forest Owners Association, an organization representing forest owners throughout New York State, supports forest property tax reform and greater incentives for private landowners to convey conservation easements, including legislation that establishes a conservation easement tax credit or other legislation that would result in property tax reduction for conservation easement properties.

Conservation Easement Tax Credit

The Conservation Easement Tax Credit program would allow landowners whose land is restricted by a conservation easement to receive an annual, refundable state income tax credit equal to a percentage of the combined property and school taxes paid on the land during the previous year. The landowners continue to pay property and school taxes so there would be no revenue loss to municipalities or school districts. The tax credit would help offset the annual cost to private landowners providing public benefits through the protection of their land.

Property Tax Reduction for Conservation Easements

The Conservation Easement Tax Credit will encourage the conveyance of more conservation easements. However, it is not likely to provide an incentive for out-of-state landowners who do not have to file a NYS income tax form or others that may not be in a position to take advantage of New York State income tax credits. Therefore, another strategy to encourage the use of conservation easements is to reduce the property assessment on protected land by the appraised value of the easement. The property and school taxes due on that excluded value would be reimbursed by the State to the municipalities and school districts; thus resulting in no lost revenue.