

# Conservation Easement Audits



 Land Trust Alliance  
Together, conserving the places you love

# There used to be none...

## But that has changed!

- In 2003, a handful a year.
- Following 2004 Senate hearings, the IRS realized that they hadn't been paying much attention
- In 2010, a handful in each state.
- Exceptions: Land easements in Colorado; Historic Preservation easements in NY, DC, Boston

# What is the IRS doing?

1. Asserting everything that could be wrong, is wrong – including the appraisal
2. Looking for the silver bullet. Whatever the issue du jour is, it will come up in an audit until the courts tell them they are wrong.
3. IRS agents, and most engineers, believe most conservation easements have zero value.\*
4. Hiring appraisers like you ...

# What is the Tax Court doing?



- On valuation, making up its own mind (Whitehouse case a great example).
- This will eventually change with new regulations – we hope!
- The Colorado state experience is a great lesson – ignored for the moment.
- January’s cases from Southern Colorado may be pivotal.

## Is the IRS right to be suspicious?

- They were in Colorado....
- State tax credits – I love ‘em, but they do get people to thinking some crazy things...
- Bad appraisals I have seen...

## My advice to you...

- Take the CE course, and flaunt it;
- Check out the land trust before you start;
- Let me know when an easement is challenged by the IRS ([rshay@lta.org](mailto:rshay@lta.org));
- We are asking our members to look at the appraisal – a “common sense” review.

# How Big A Deal?

This is small – 3,000 donations a year. And BIG.  
Land trusts are protecting 1 million acres a year  
with conservation easements.





Easement protected farmland in Pennsylvania