

CONSERVATION EASEMENT EXPENSES

There are expenses associated with placing a conservation easement on private properties. The expenses include:

- Appraisal – If a landowner wants to claim the Colorado State tax credit or Federal tax deduction, the landowner must obtain a qualified appraisal to justify the value of the conservation easement donation. The appraisal must be completed by a “qualified appraiser”. A “qualified appraiser” is someone who is qualified to assess the type of property that is being valued and cannot be a person whose relationship to the landowner or land trust would cause question of the independence of the appraisal. The appraisal must meet the very restrictive requirements of the Internal Revenue Service. The fee for the appraisal is set by the appraiser and is often dependent on location and size of the property. Estimates range from \$3000 to \$6000.
- Endowments – by accepting an easement, the Black Canyon Land Trust assumes a legal obligation to preserve the landowners desires by upholding the terms of the easement, forever. While the landowner who places the conservation easement on the property will likely not violate the terms of the conservation easement, eventually, someone else will own the land and may unwittingly violate the easement. The Black Canyon Land Trust has the responsibility to monitor and defend the easement, including legally fighting certain actions. Endowments from the donating landowner assure that the land trust will be able to monitor and enforce the easement - forever. The legal defense endowment is set by the BCLT board of directors, who may also determine to request a contribution to an operating endowment instead of the legal endowment. Currently the legal endowment fee is set at \$2,000. The stewardship endowment is dependent upon the conditions of the easement and location of the easement. Stewardship endowment ranges from \$3500 to \$8000.
- Pre-acquisition – The land trust incurs expenses associated with preparing and recording the conservation easement. These expenses generally include staff time, legal review, title research, and recording fees. In some cases, surveys and mineral assessment reports are also necessary. These expenses are passed through to the landowner. Pre-acquisition expenses currently range from \$4000 to \$5000 in most cases.
- Baseline report – IRS regulations require that the landowner provide the land trust with documentation of the property’s condition at the time of the conservation easement. The Black Canyon Land Trust provides a criteria and checklist for the Baseline report. From that criteria, landowners can contract with a consultant to complete the Baseline report. The land trust reserves the

right to review and approve any Baseline report prior to acceptance. Consultant fees for baseline documents range from \$2000 to \$4000.

- Mineral remoteness – IRS regulations require that a landowner who does not own all the mineral rights associated with the property obtain a professional opinion of the likelihood of surface mining occurring on the property. Professional geologists or geological engineers can prepare such a document on behalf of the landowner. Fees for this report range from \$800 to \$2000, depending upon the complexity of the property and report requirements.
- Legal and financial review – Many landowners elect to hire a third party to review the legal and financial implications of a conservation easement. The fees for these services are dependent upon the services requested and the fee schedule of the individual professional. Landowners have reported as little as \$200 for a legal counsel review of the conservation easement and as much as \$6000 for easement drafting and negotiation services.