

## Appendix 3: Land Protection Options

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### Conservation Easements

#### What is a conservation easement?

A conservation easement is the voluntary and permanent transfer of specified development and land use rights from a landowner to a qualifying organization. In Minnesota, the legal basis of easements as a conservation tool is provided for in Chapter 84C of the Minnesota Statutes, which states that a conservation easement may be established on land in order to "assure its availability for agricultural, forest, recreational or open space use, protecting natural resources, maintaining or enhancing air or water quality, or preserving historical, architectural, archaeological or cultural aspects." To be eligible for an easement, land must be evaluated by a conservation organization and determined to have qualities that serve these purposes.

An easement takes the form of a binding contract that is filed in the public records of the county in which the land is located. Terms are negotiated between the landowner and the conservation organization that will "hold" (monitor and enforce) the easement. The landowner who establishes the easement and all future owners of the property are legally obligated to abide by its terms. The organization serves as permanent guardian for the land's conservation values, monitoring the property annually to assure that the terms are upheld. If it should become necessary, the organization is empowered to enforce the easement in court.

The mutually agreed upon restrictions that are placed on the land's development and use will vary with the features that an easement is intended to protect. If an easement was established in order to protect a piece of native prairie, for example, gravel mining would likely be a restricted activity, since gravel mining is a land use that is incompatible with prairies. If an easement were established to protect a property's open space values and rural character, however, an activity such as farming would be allowed (not restricted), since farming is a land use that is perfectly compatible with those values. For lands of outstanding ecological value, especially large tracts of undisturbed natural lands, a landowner and conservation organization may work together to design a highly restrictive easement that provides the land with an appropriate level of protection. In general, the terms of an easement are designed to reflect the wishes of the landowner to the extent possible while providing meaningful protection for the significant features of the land.

Conservation easement provisions may limit:

- structure, construction, location, renovation
- utility expansion
- agricultural use (grazing, haying, tilling) of specified areas, while allowing such uses in other areas covered by the easement

- alteration of water bodies and courses
- removal or alteration of vegetation, except for specified purposes
- extent of recreational use
- extent of motorized vehicle use in specified areas

Easements are sometimes used as part of a so-called "limited development plan," in which an easement is structured so that it allows development on one part of a property while restricting development on another part of the same property. While generally not a viable option for small parcels of land, limited development plans can be a useful tool for conservation-minded real estate developers and local communities that want to provide permanent protection to natural and open space areas within major subdivisions and other areas planned for residential or commercial development.

A landowner may sell or donate an easement. Some conservation organizations have funds available to compensate a landowner for establishing an easement on property of significant conservation value to protect natural features such as forests, wetlands, riverways and native prairie. Donating conservation easements is a popular option for landowners who are:

- interested in the associated potential for income tax deductions
- supportive of conservation
- feel positively about making a donation if it is within their financial means to do so.

Since it restricts a property's development potential, an easement may dramatically reduce its resale value. Although this loss in resale value may be offset to a degree by tax savings, it is nonetheless a very important consideration for landowners.

### **Key aspects of perpetual Conservation easements**

- Landowner retains title to the property and all associated rights and obligations of ownership aside from those that are transferred to the organization in the easement.
- Property retains its private status; an easement does not require that land be open to the public unless access has been agreed to by the landowner
- May be donated or sold to a qualifying organization
- Runs with the title to land; all future owners are bound by its terms
- May dramatically reduce property's resale value
- Does not freeze a property's value; values may still be expected to rise over time, although not at the rate of unrestricted properties.

## Why choose a perpetual Conservation easement?

### ◆ Permanent Protection

A conservation easement provides the benefit of assuring perpetual preservation of invaluable natural, rural or scenic features of your property, enhancing the quality of life for present and future landowners and their surrounding communities and supporting the continued integrity of any existing natural communities. Placing an easement on property prior to donating or selling the land or bequeathing it to your heirs will legally obligate all future owners to care for the land according to your wishes as expressed in the terms of easement.

### ◆ Financial Benefits

A landowner who donates a conservation easement to a qualified organization may be entitled to a significant charitable contribution deduction on his or her income taxes, equal to the amount of any appraised loss of property value that can be attributed to the easement (see Figure 1 below). A landowner who sells an easement derives income from the sale, but is not eligible for any related income tax benefits unless the easement is sold to a qualifying charitable organization at less than fair market value. Any easement, whether donated or sold, has the potential to result in property and estate tax savings for the landowner if it reduces the appraised property value.

**Figure 1**

	<b>Appraised Property value Before easement</b>	<b>Appraised Property value After easement</b>	<b>Potential income tax deduction for donor</b>
<b>A</b>	\$60,000	\$12,000	\$48,000
<b>B</b>	\$348,000	\$206,000	\$142,000
<b>C</b>	\$21,000	\$13,500	\$7,500
<b>C</b>	\$955,000	\$486,000	\$469,000

*Note: Figure represents actual appraisals of four properties before and after donations of conservation easements to the Minnesota Land Trust in the years 1994-1996.*

An easement can also serve as a strategy to help a landowner's heirs keep family lands rather than being forced to sell all or a portion of their inheritance in order to cover estate taxes. In Minnesota, on an estate valued at more than \$600,000, estate taxes can be as high as 55 percent of the estate. When an easement reduces the appraised value of land in an estate, it accordingly reduces the estate taxes owed and may bring the taxes into a range that heirs can more reasonably pay. When an easement brings the value of the total estate below the \$600,000 level, no estate taxes will be owed. These benefits are realized regardless of whether the easement is established during the donor's lifetime or by bequest (in his or her will).

## **Easements by Bequest**

An easement may be donated to an organization by means of the donor's will (referred to as a donation by bequest or by devise). In this instance, the easement is generally signed during the donor's lifetime but does not come into effect until his or her death. Upon the donor's death, provided that the conservation values of the land have not been compromised in the interim, the organization will execute the easement as instructed in the donor's will.

## **Endowing your Easement**

The organization that accepts your perpetual easement accepts a great responsibility: That of annual monitoring and enforcement of the easement to assure that its terms are honored by all present and future owners. In acknowledgment of this responsibility and the associated costs, many landowners choose to make a contribution to the organization that is over and above the easement donation. By making this contribution, a landowner is said to endow the easement.

Some organizations require that their easements be endowed. Others encourage but do not require endowments. The amount of an endowment generally takes into consideration such factors as size of the property and any particular challenges it presents to effective monitoring. Subject to tax law, a landowner may claim an endowment in regard to an easement as a fully deductible charitable contribution.

## **Land Retirement Program**

### **What is a land retirement program?**

A land retirement program provides financial incentives for a landowner to retire land from agricultural production and/or to leave natural lands undeveloped. Although these programs employ some of their strategies already discussed - such as purchase of conservation easements - the term is used here to refer exclusively to those programs administered by governmental agencies at the federal, state and county levels. Some such programs restrict land uses permanently. Others restrict uses for a specified term, such as a 10-year period, after which the landowner may choose to re-enroll in the program or convert the land to alternate uses. Enrolled land must meet eligibility requirements that vary with the focus of each program.

Since many of these programs are legislatively funded, their status relies on the political process. On an ongoing basis, new programs come into existence while others are discontinued, and available funding may vary from year to year.

## **Key aspects of land Retirement programs**

- ◆ May provide significant income to the landowner
- ◆ The vast majority of these programs focus on highly erodible agricultural lands, wetlands and other lands that safeguard water quality and lands that promote habitat for game species.

- ◆ Public access to land is generally not an enrollment requirement.

The following list offers a sampling of land retirement programs:

- **Debt Cancellation Conservation Easements**  
Through this federal program, landowners who have Farmers Home Administration (FmHA) loans secured by real estate may qualify for cancellation of a portion of their debt in exchange for a conservation easement that protects wildlife habitat, wetlands and other conservation values. The amount of the loan forgiven is proportional to the amount of the farm that will be covered by the easement. Permanent easements are the general rule, although in some cases, easements will be allowed of no less than 50 years in duration. For information, contact your local Farmer's Home Administration office, a division of the U.S. Department of Agriculture.
- **Reinvest in Minnesota (RIM) Reserve Program**  
RIM is a state program that uses a combination of state tax dollars and private donations to fund natural resource protection on both public and private lands. The private lands program of RIM, known as RIM-Reserve, pays landowners for conservation easements that retire fragile and environmentally sensitive lands from agricultural production. RIM-Reserve is administered through the Board of Water and Soil Resources. Interested landowners should apply directly to their local Soil and Water Conservation District office (SWCD).
- **Conservation Reserve Program (CRP)**  
The federally funded Conservation Reserve Program offers incentives (long-term rental payments and cost-sharing of up to 50 percent) to farmers who retire highly erodible farmland from production and establish permanent grass or forest cover on the land. Duration of agreements range from 10 to 30 years. Fields must meet eligibility requirements, and there is a limit to the number of acres admitted into the program each year. For information, contact your local Natural Resource Conservation Service (Note: This agency was previously known as the Soil Conservation Services or SCS).

### **Why choose a land Retirement program?**

- **A Sound Business Decision for Agricultural Lands**  
Land retirement programs can be an important part of an overall land use plan for those engaged in crop farming and livestock enterprises. Periodic retirement from grazing and crop farming can benefit long-term soil productivity in instances where the landowner intends to return the land to active use upon completion of its enrollment term. Such programs can also provide a farmer with an alternative means of deriving income from marginal agricultural lands - lands that require excessive labor for little return.

Land retirement programs provide a landowner with a certain amount of reliable income that is not subject to weather and market conditions. While it may not equal the income that might have been generated from working the land in a good year, it may prove to be an important source of income during unfavorable years. In this way, such programs offer a hedge against the risks commonly associated with farming.

- **Flexibility**  
Many land retirement programs restrict uses only for a period of years and do not limit a landowner's long-term choices regarding land use. At the completion of the enrollment term, the landowner may, if desired, convert the land to other uses.
  
- **Environmental Benefits**  
Land retirement programs make an important contribution to the state's water quality by reducing the influx of chemicals and sediments into waterways. They also benefit wildlife, particularly waterfowl and nesting grassland birds. Greatest environmental benefits are derived from those land retirement programs that permanently restrict land use.

## **Restoration Cost-Share Programs**

### **What is a restoration cost-share program?**

A restoration cost-share program compensates a landowner for a percentage of the cost involved in projects undertaken to restore and protect natural areas on private lands. The majority of such programs focus on:

- ◆ Protection of wetlands and their associated upland communities
- ◆ Habitat enhancement for game species
- ◆ Management of forest lands for timber production, and
- ◆ Selected conservation practices on lands enrolled in land retirement programs.

Cost-sharing is provided for a variety of landowner activities, including establishment of vegetative ground cover for erosion control, restoration of drained and degraded wetlands, and planting of native trees and shrubs. As is the case with land retirement programs, restoration cost-share programs are typically offered through government agencies and, therefore, are subject to similar limitations as to funding and availability.

### **Key aspects of restoration cost-share programs**

- ◆ Compensate landowners for a percentage of labor and material costs associated with specified restoration efforts
- ◆ Administered through government agencies, sometimes in

- ♦ cooperation with private conservation organizations
- ♦ Programs and availability of funding subject to frequent change, depending on legislative appropriations and the political process
- ♦ Landowners commonly piggy-back cost-share funds from different sources, e.g., obtaining a 50 percent cost-share from a federal program, and financing the remaining 50 percent through state or local sources.

The following represents a sampling of restoration cost-share programs:

- **Partners for Wildlife**  
Administered by the U.S. Fish and Wildlife Service, this federal program offers many restoration-related services to private landowners, specializing in restoration efforts on wetlands and adjacent natural communities such as bottomland hardwood forests, native grasslands, and oak savanna. A highlight of Partners for Wildlife is its wetland restoration program that will cover 50 percent or more of the costs of restoring a previously drained wetland. Services vary from technical assistance to actual restoration (excavation, installation, landscaping, planting of upland vegetation). For information about Partners for Wildlife, contact: Branch of Private Lands, U.S. Fish and Wildlife Service, Whipple Federal Building, 1 Federal Drive, Fort Snelling, MN, 55111. Phone: (612) 725-3570
- **Pheasant Habitat Improvement Program**  
Funded through Minnesota pheasant stamp hunting fees, this program offers cost-sharing of up to 75 percent for management that improves habitat for pheasant populations, including such activities as plantings for food, nesting cover and woody cover. Plantings of native vegetation (such as prairie grasses) may, in some cases, qualify for funding through this program. For information, contact the Minnesota DNR Section of Wildlife, central office phone (612) 296-3344, or your local DNR Wildlife Manager.
- **Stewardship Incentives Program (SIP)**  
This program offers cost-share of up to 75 percent for conservation projects of non-industrial private forest lands. Property must have a minimum of 20 acres of forested land. Landowners become eligible for SIP cost-share funds by first working in voluntary partnership with a DNR Forester (or other approved conservation professional) to set up a comprehensive Forest Stewardship Plan for their land. The plan identifies broad management objectives that encompass the landowner's interests and foster the health and vitality of the property's natural communities, with a primary - although not exclusive - focus on enhancement of forested lands. Projects that fall within the framework of this plan are then eligible for cost-share funds and technical assistance through the Stewardship Incentives Program. SIP cost-share funds have been granted for:
  - ♦ purchase and installation of fencing to keep livestock out of

- environmentally sensitive areas
- ◆ installation of nest boxes and nesting platforms for wood ducks, osprey and other nesting birds
- ◆ efforts to restore certain types of trees in woodland communities, e.g. regenerating an oak forest by planting oak seedlings, selective removal of competing vegetation, use of prescribed burns
- ◆ brushland and grassland management practices that favor wildlife and complement the integrity of adjacent forests

For information, contact the MN DNR Division of Forestry in St. Paul, MN, (612) 297-7298, or your local DNR forester.

### **Why choose a restoration cost-share program?**

- **Access to Funds and Technical Expertise**  
Restoration cost-share programs allow you to improve the conservation value of your property with minimal out-of-pocket expense. The specialists who administer these programs can also offer important technical advice regarding proper engineering, construction methods, and site preparation practices that will help to assure the success and long-term stability of restoration projects.
- **Projects with Narrow Purposes may have Broad Benefits**  
It is important to note that a given project can serve more than one purpose. Establishment of grassland nesting cover for pheasants, for example, benefits not only pheasants but many other species of ground-nesting wildlife as well. Accordingly, a landowner interested generally in improving native grassland habitats may find his or her goals met by participating in a cost-share program such as the Pheasant Habitat Improvement Program. The same is true of many restoration cost-share programs: Wetland-oriented programs often fund upland projects, forestry programs may fund activities that promote wildlife diversity, and erosion-control programs may be used to fund prairie restoration. The upshot is this - look beyond the name of a cost-share program to see what specific restoration practices it funds.

### **Deed Restrictions**

#### **What is a deed restriction?**

A deed restriction defines specific limits regarding allowable uses and development of a property. It is established by a landowner on a property's title, typically when the landowner is selling the land and wishes to exert some influence over its use, usually to benefit adjacent lands to which he or she intends to retain title. State law presently limits enforceability of deed restrictions to 30 years (with exceptions defined in MN Title Standard No. 91A). They are subject to interpretation and nullification by the courts

and are most practical in situations where the original landowner or the landowner's heirs own adjacent land and are in a position to observe and enforce any violation. There are generally no tax benefits.

**Why choose a deed restriction?**

A deed restriction is an alternative when an easement is not an option. For properties that do not qualify for a conservation easement, a deed restriction can provide land with a degree of protection.

**Mutual Covenants**

**What is a mutual covenant?**

A mutual covenant is a type of deed restriction involving a legal agreement between two or more landowners in which the same set of restrictions govern the development and use of all involved properties. Also subject to the 30-year rule, it must be periodically renewed by agreement of all properties. There are generally no tax benefits.

**Why choose a mutual covenant?**

- Peace in the Neighborhood and Profitability for Developers  
Mutual covenants may be initiated by neighbors who have a common goal of protecting a shared landscape feature or the open space values of their neighborhood. More commonly, they are inserted in the title to a parcel of land by a subdivision developer who makes participation in the mutual covenant a condition of sale to protect attributes (e.g., scenic beauty) that promote high land values and marketability.

**Leases**

**What is a lease?**

In this context, a lease is the rental of a given parcel of land to a conservation organization for its exclusive use. The lease is generally for a specified term and for a rental fee that may be at or below the market rate. The landowner and organization sign a written agreement that specified the term, payment schedule, any stipulations regarding use of the land, and guidelines regarding cancellation by either party.

**Why choose a lease?**

- An Opportunity to Promote Conservation while Receiving Income  
While not common, long-term leases can be a tool for landowners who need income from their land, are interested in protecting its natural features, and yet wish to retain title to the land. Such leases are of interest to conservation organizations when the land supports rare species or is critical to efforts underway by the organization on adjacent lands.

## **Management Agreements**

### **What is a management agreement?**

A management agreement is a legal contract between a landowner and a conservation organization in which the landowner agrees to follow specified land practices for the benefit of their land's natural features. The organization provides technical expertise and, in some cases, assistance with carrying out the recommended practices. Contracts are typically for a specified term, but may be canceled by either party with proper notice. It may or may not involve income for the landowner.

### **Why choose a management agreement?**

These agreements are often used in efforts to protect large-scale natural features such as the watersheds of rivers. Landowners who participate make an important contribution to the health of the environment and thus, to their communities.

## **Land Donation**

### **Donating Unrestricted Title To land**

Basically a "no-strings attached" transfer of ownership, the donation of property with an unrestricted title leaves the future use of the property to the discretion of the recipient. Because the title is unrestricted by an easement or other legal device, the landowner who makes such a donation to a qualified charitable organization may be eligible for a deduction on their income taxes equal to the full fair market value of the property. The recipient organization may be able to give you an indication of what it intends to do with the land upon receiving title. In the case of a land donation for a DNR Scientific and Natural Area, for example, you will be given legal assurances regarding the future use of the land. You may also outline your wishes in a letter of understanding with the organization. Donation of an unrestricted title, however, implies that you are granting the organization the right to make whatever decisions it considers appropriate regarding the future of the land.

### **Donation of Trade Lands**

Donations of unrestricted title to land are sometimes made as part of so-called trade lands transactions with conservation organizations involving properties that do not necessarily warrant protection for conservation purposes. Highly developed commercial properties and suburban residential lots, for example, may have high market value but little or no conservation value. Such properties can still, however, serve conservation purposes when donated as trade lands with the understanding that the organization

will sell the land to fund protection efforts on other lands of higher conservation value.

### **Donation of Restricted Title To Land**

If you'd like the recipient of your donated land to be legally obligated to abide by your wishes regarding the land's future use and management, you can restrict the title through a perpetual conservation easement of deed restriction. In the case of an easement, this may be accomplished in one of two ways. A landowner may first donate an easement to one conservation organization, then donate the restricted land to another. Subject to tax law, both donations qualify the donor for a charitable contribution deduction on his or her income tax. Alternatively, as is commonly practiced in donations of land for designation as a unit of the state outdoor recreation system (such as Scientific and Natural Area), the land may be donated with the understanding that the state, upon receipt of the land, will immediately protect it with a perpetual conservation easement. In this case, the higher, unrestricted value of the property may be used for both the donor's charitable contribution deduction or income tax, and for matching by the Critical Habitat Match Fund. Alternatively, a landowner may elect to protect the land prior to donation by placing a deed restriction in its title. Such deed restrictions do not qualify as a charitable deduction for income tax purposes, nor do they designate a guardian to monitor and enforce the restrictions, as is provided for in a conservation easement. Placing a deed restriction on a property's title prior to donating the land may also reduce the value of the donation, and accordingly, the amount the donor may claim as a charitable contribution deduction on his or her income tax.

### **Donation by Bequest**

This is also referred to as donation "by device." One way to plan for your land's future protection is to donate land to a conservation organization in your will. It is important that you first contact the intended recipient of the land to be sure that they are able to accept the donation. This is also an opportunity to discuss any wishes you have regarding the land's future use. Of course, added protection is given to the land if you establish a conservation easement on the title prior to or current with the execution of your will.

Donation of land by bequest will not enable you to make use of income tax deduction for the donation, nor will it release you from any other obligations of ownership during your lifetime. It will, however, reduce the assessed value for your estate tax purposes.

## **Donating Undivided Partial Interest**

institution, in which case you could designate a conservation organization to be the recipient of all or a portion of the assets that remain in the fund after all life income beneficiary payments have been made. It is possible to donate land in increments; that is, to donate partial interests in a property over a period of time until eventually full interest has been transferred. You could, for example, donate a 20 percent interest in a given property each year for a period of five years. At the end of the five-year period, full interest to the property will have been transferred. The up side of this method is that you'll retain use of the property until the final interest is transferred, and will have more tax years in which to take the associated charitable deductions. The downside of this gradual transfer of ownership, however, is that each partial interest is not valued at a rate equal to its percentage of the value of the property. Using our example, you might expect that each donation of a 20 percent interest in the property would be valued, for tax purposes, at 20 percent of the full market value of the total property. But since the use and control of the land by the recipient is somewhat limited until they have full title, these donations of partial interest are afforded less value in the eyes of the Internal Revenue Service. When all is said and done, the positive aspects may more than compensate for the negative. Consulting your tax counsel will be important here.

## **Land Donation with Reservation of Life Estate**

When donating land to a conservation organization, you may opt to reserve what is called a life estate. This entitles the person or persons named as life estate holders (perhaps you, or your aging parents) to live out their lifetimes on the property, even though the land is held by the conservation organization.

Structuring your donation in this manner is different from a donation by bequest, in that you may claim the donation as a charitable contribution deduction on your income taxes during your lifetime. To calculate the value of such a donation, the IRS subtracts the value of the retained life estates (using actuarial tables to estimate the life expectancies of those named) from the land's current market value. Accordingly, the greater the age of the people named in the life estate, the higher the value of the donation and, therefore, the greater the amount the donor may claim as a charitable contribution deduction on his or her income tax. (Note: Landowners may also reserve a life estate when selling land to a conservation organization, in which case there would be no potential tax benefits unless the land were sold at less than fair market value.)

## **Life Income Gifts**

The general term "life income gifts" is used to describe a variety of strategies by which an individual may receive regular income as a result of a donation of land or other assets to a nonprofit conservation organization or other charitable organization. Through such options as charitable gift annuities and charitable remainder unitrusts, the donated land is typically sold and the proceeds invested to generate funds from which payments may then be made to you (the donor) and /or to other beneficiaries named by you. Payments may be made for a specified period of years or for life.

Not a land protection option per se, life income gifts are, perhaps, best viewed as a means by which a donor of land may receive income (a portion of which may be tax-free) and potential estate tax and income tax benefits, while at the same time providing important financial support to a conservation organization.

Life income gifts function best when the donated land is of highly appreciated market value. Highly appreciated commercial or residential properties that may be sold with an unrestricted title (see the section on Trade Lands discussed earlier) are, therefore, appropriate for donation as a life income gift. Land of significant conservation value may also be donated as a life income gift, although in some instances, it may be less suitable for this particular type of donation since an action to protect the land (such as a conservation easement) would likely reduce its market value and thus, its capacity to generate funds from which the payments to beneficiaries are made. A conservation organization will evaluate potential land donations for income gifts on a case by case basis. If the land is of outstanding conservation value such that it warrants designation as a natural area or preserve, an organization may accept the donation as a life income gift, retain title, and identify alternative funding sources to cover the payments to the beneficiaries.

To establish a life income gift through a donation of land or other assets, you may wish to contact a conservation organization directly. Many conservation organizations offer their own suite of life income gifts, with established criteria and policies for each. Alternatively, you may also choose to establish a life income gift, such as a charitable remainder unitrust, with a bank or other financial

## **Selling Land to Conservation Buyers**

### **Strategies**

Using the following strategies, you can structure a sale to help make it possible for a conservation buyer to purchase your land.

- **Grant of Rights of First Refusal**  
If you'd like a conservation buyer to have "first dibs" at buying your land, you can grant the individual, organization or agency a right of first refusal. The conservation buyer would then be informed of any bona fide offer by another interested party to buy the property and would have the right - generally within a short time period - to buy the property at whatever price was offered by the other party.
  
- **Option to Buy**  
If a conservation buyer is interested in purchasing your land but needs some time to muster the funding, you can offer the individual, organization or agency a long-term option on the land. In exchange for a generally minimal fee (the amount of which is negotiated), the conservation buyer is extended the right to buy the property for a given price within a specified period of time. No other buyer will be able to purchase the land during this period. The option fee is nonrefundable and is generally applied to the purchase price if the option is exercised.
  
- **Installment Sales**  
With an installment sale, you allow a conservation buyer to purchase your land by making a series of payments over time. This gives the buyer time to arrange financing. There may also be tax advantages to you as the seller by receiving the income over time rather than in a lump sum.
  
- **Bargain Sale**  
In a bargain sale, you sell your property at less than fair market value. This is beneficial to the buyer for obvious reasons, but it can also be beneficial for the seller. If the bargain sale is offered to a qualified nonprofit organization, the difference between the fair market value and the bargain sale price may qualify as a charitable donation to the organization, and thus, a tax deduction for the donor. Since the seller receives less income from the sale, he or she is subject to less capital gains tax; this, along with the charitable contribution deduction (if the seller's tax situation allows them to fully use such deductions), may actually result in greater financial benefit to the seller from a bargain sale than would have been received from a fair market value sale - with the added benefit of the land going to a conservation buyer.

**Figure 2**

	Appraised Value	Sale Price to Conservation Buyer	Potential Tax Deduction for Seller
A	\$167,000	\$120,000	\$47,000
B	\$578,000	\$462,400	\$115,600
C	\$1,700,000	\$1,530,000	\$170,000
C	\$580,000	\$500,000	\$80,000

Note: Figures represent actual bargain sales completed by The Trust for Public Land in the years 1993-1996.

- Resolving Timing and Financing Issues

If you want to sell your land to a public conservation agency at the city, county, state or federal level, your first step will be to contact that agency directly. If the agency is interested in the land but is not able to attain authorization or financing for the purchase within a time frame that meets your needs, you may wish to enlist the aid of the Trust for Public Land (TPL). This nonprofit organization specializes in the acquisition of land for resale to public agencies, focusing on those land opportunities that public agencies cannot promptly act upon. Other nonprofit conservation organizations, such as the Minnesota Land Trust and The Nature Conservancy, may also be helpful in devising interim strategies to meet a landowner's immediate financial requirements while a public agency is making the necessary arrangements for purchase.

