**Protecting Your Land for the Future**
***Conservation Options for Landowners***

**724-325-3031 - info@westmorelandlandtrust.org**

**Overview**

For generations, families throughout Westmoreland County have cared for forests, streams, historic places, and special landscapes. Whether you're considering donating your property, selling it for conservation, or simply exploring your options, we are here to help.
Westmoreland Land Trust protects and conserves land in a variety of ways, often through donation, bargain sale, or fee simple purchase. Land of special ecological, cultural, or recreational value can be conserved permanently if it aligns with our land protection strategy.

The Westmoreland Land Trust protects and conserves land in a variety of ways. Land of special ecological, historic, scenic, or recreational value can be conserved via free simple acquisition by purchase, bargain sale, or donation. Tax benefits may be available for a bargain sale or donation; for any conservation project it is essential that landowners secure their own legal, tax, and financial counsel. Another means of conserving land is via use of a conservation easement.

Thousands of acres of open space are lost to development every day. Landowners who feel a deep connection to their land may wish to secure its conservation because they know its special qualities and know that once it is developed, those qualities can be lost or compromised forever. Wildlife habitat, productive farmland, beautiful scenery, or natural areas – all are worth protecting.

Westmoreland County landowners may work with the Westmoreland Land Trust (WLT) to explore ways to conserve their land. Several possibilities for protecting your land for future generations are outlined below.

*Please note that any potential conservation projects are subject to thorough evaluation and due diligence, and are also contingent on the availability of funding. Please also note that the WLT cannot give legal, financial, or tax advice. For any transaction involving your land or interest in land, it is important that you obtain independent legal, financial, and tax advice.*

**CONTACT:** Call 724-325-3031 or email info@westmorelandlandtrust.org if you're interested in learning more or starting a conversation.

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**Donation of Land**

Donating land to a conservation partner is usually the simplest conservation option because financing and price negotiations aren't necessary. The process involves discussing your goals and intentions with your intended recipients to confirm that they will accept your land gift and then an eventual transfer of title.

**Financial benefits**

- You will no longer pay property taxes or costs of management.
- A full donation to a qualified nonprofit organization maximizes the income tax benefits of land protection. You may be able to claim a federal income tax deduction and tax credit for the land's fair market value.
- Some landowners donate land in installments or partial interests over a period of years to maximize their tax benefits.
- If the land is in an estate, you may be able to reduce the federal estate tax and your heirs' state inheritance tax.

**Other benefits**

Donating land for conservation also provides intangible benefits:

- Because you are making a gift, you have more control in choosing your land's future owner, land uses, management goals and transaction timing.
- You may be given naming rights to the property — allowing you to memorialize your family name or placing a meaningful name on the land permanently.
- You share in the excitement of seeing the conservation project unfold in real time.
- Seeking grants or public funding for a purchase can take months or years, while a donation can be approved much more quickly.
- Similarly, it's much easier for a conservation organization to accept a donation of land than to purchase land. Most nonprofits do not have ready funds to purchase lands, nor can they compete for many of the public funding sources for land protection.

**Consideration**

It's best to discuss land gifts with your potential recipient well in advance. Conservation staff can help clarify your wishes and/or suggest changes in gift timing that could be mutually beneficial. As land has special long-term management and stewardship needs in perpetuity, consider donating or bequeathing funds to help cover your recipient's future expenses associated with the gifted property.

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**Bargain Sale**
A bargain sale in land acquisition is a transaction where a landowner sells property to a land trust for less than its appraised fair market value.

**How It Works**

- Part Sale, Part Gift: The transaction combines a commercial sale with a charitable donation. The cash paid by the organization is the sale portion, and the difference between the sale price and the fair market value is the donated portion.
- Example: If a parcel of land is worth $500,000 and you sell it to a land trust for $300,000, the remaining $200,000 counts as a charitable contribution.

**Benefits for Landowners**

- Immediate proceeds: You receive cash proceeds from the sale of the property.
- Tax Deductions: You can claim a charitable income tax deduction for the discounted (donated) value of the property, subject to IRS rules.
- Lower Capital Gains: Selling below market value reduces the capital gains taxes owed compared to a full-price sale.

**Benefits for Conservation Organizations**

- Affordability: It lowers the total purchase cost, making projects possible for groups with limited funds.
- Grant Competitiveness: Lower acquisition costs help organizations leverage public grants and private donations more effectively.

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**Fee Simple Sale**

A **fee simple land acquisition at fair market value** occurs when a land trust purchases 100% ownership of a property's title and all underlying rights outright for the full market price agreed upon by a willing buyer and seller

- **Complete Ownership:** The land trust acquires absolute and unencumbered ownership of the property (the entire "bundle of rights"), rather than just a partial interest.
- **Fair Market Value (FMV):** The purchase price reflects the true open-market value, determined typically by an independent, qualified appraisal.
- **No Tax Deductions for Seller:** Because the property is sold for its full cash value rather than donated or discounted, the seller does not receive a charitable contribution deduction and may owe capital gains tax on appreciation.
- **Strict Valuation Rules:** Land trusts must obtain professional appraisals to justify the purchase price. Paying above fair market value can violate non-profit regulations by

conferring an impermissible private benefit, thereby threatening the trust's tax-exempt or land trust accreditation status.

**Gift of Remainder Interest**

This type of gift allows you to donate your land for conservation, but continue to use it throughout your lifetime. A gift of remainder interest is also a fine legacy to leave to future generations, which allows you to continue to use and enjoy your land throughout your lifetime.

**Gift of Land by Will**

Another option is to make a gift of land in your will. If you plan such a bequest to the WLT and contemplate placing restrictions on your gift, it is important to meet and discuss the WLT's capacity to maintain the gift consistent with your wishes. In many cases it is helpful to enter into a donation agreement with the WLT.

**Option to Purchase**

An option to purchase will give the option holder the right to purchase your land at a certain price within a certain time period, but without an obligation to do so. Purchase options are widely utilized for conservation of land. They may be especially helpful to allow time to raise funds, assemble a project involving multiple properties, complete due diligence, or address ownership by multiple parties.

**Right of First Purchase**

A grant of a right of first purchase to the WLT will give the WLT the opportunity to make an offer to purchase your property *if* and *when* you or your heirs contemplate its sale. Types of rights of first purchase include:

**Right of First Offer**

This is an agreement to either:

- Offer your property at terms of your choosing to the WLT before offering the property to others *or*
- Give notice to the WLT that you are interested in selling your property, and allow the WLT to make the first offer.

**Right of First Negotiation**

This may be added to a Right of First Offer to require that you negotiate with the WLT for some period of time.

**Right of First Refusal**

This would allow the WLT, after one or more other offers for your land are obtained, to match any offer that you would be willing to accept.

**Conservation Easement**

A conservation easement is a permanent agreement that legally binds you, your heirs and all successive owners of the land to restrict its development or use to protect its conservation value.

**Other Option to Support Conservation of Land**

Other options may be suitable if you wish to support conservation of land in Westmoreland County but do not wish to permanently protect the specific land that you own. Several of these options may provide tax benefits*, and may either be restricted to a specific use, or be unrestricted (available for use where needed). These options include:

- Donating funds to the WLT
- Donating materials or services to the WLT
- Donating volunteer time to the WLT
- Donating an asset to the WLT, whether publicly or non-publicly traded
- Donating part or all of an eligible withdrawal from your Individual Retirement Account (IRA) to the WLT (A charitable contribution <u>*made directly*</u> from your IRA may yield tax benefits).
- Donating land or your interest in land to the WLT for resale (for such a donation it is important to address the costs of owning the land or the interest in land until it is sold)
- Making a gift of funds or assets by will.
- With donation of an appreciated asset you are eligible for an income tax deduction for the full market value of the asset, and you may also avoid triggering any capital gains tax.

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