

PRESS RELEASE

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GOVERNOR RICHARDSON SIGNS HB990 AND EXPANDS STATE TAX CREDIT FOR LAND CONSERVATION

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Today, the New Mexico Land Conservancy, a statewide land trust organization based in Santa Fe, announced that, earlier this week, Governor Bill Richardson signed HB990 – Real Property Transfers Tax Credit – into law.

The Real Property Transfer Tax Credit, which will go into effect January 1, 2008, will expand the existing state tax credit currently allowed under the New Mexico Land Conservation Incentives Act for New Mexico taxpayers who donate land or easements for conservation purposes. The tax credit will continue to be for 50% of the value of the donation, but HB990 increases the maximum amount of the credit from \$100,000 to \$250,000 and, perhaps more importantly, makes the credit transferable.

HB990, which enjoyed broad support from the land conservation, agricultural and development communities, was sponsored by Rep. Peter Wirth of Santa Fe and was passed unanimously by both the House and Senate during the recent legislative session. "By increasing the tax credit and it making it transferable, the conservation easement becomes a viable option for a whole new group of landowners and rewards their decisions to preserve open space," said Rep. Wirth. "Farmers and ranchers can use proceeds from the sale of their tax credits to sustain and expand their operations."

To date, due to the limited funding available in New Mexico for land conservation, federal and state tax incentives have been the primary means by which land trusts encourage private landowners to protect their lands. When the Land Conservation Incentives Act was passed in 2004, New Mexico became one of only twelve states in the nation to have a state tax credit for

donations of land and easements for conservation purposes. With HB990, New Mexico joins Colorado and Virginia as one of only three states to have a transferable state tax credit.

“Through HB990, which required no appropriation of funding and which will have a relatively modest fiscal impact for the state, New Mexico can continue to demonstrate its leadership in conservation through innovative tax policy,” said Scott Wilber, the New Mexico Land Conservancy’s Executive Director.

“We believe that the expansion of the current New Mexico state tax credit through HB990 will have a tremendous impact for conservation in New Mexico by providing a significantly enhanced incentive for private landowners, particularly farmers, ranchers and other low-income landowners, to protect their lands,” Wilber added. He noted that many landowners in New Mexico, particularly farmers and ranchers, are “land rich and cash poor” and, in the past, many of these landowners have not often able or willing to make outright donations of land and easements for conservation purposes because they have not been able to fully utilize the value of the state tax credit due to their relatively low personal incomes.

The transferability mechanism of HB990 allows landowners, who might not be able to fully utilize their tax credits to offset their state tax liabilities, to potentially sell their credits to buyers who would purchase them at a discounted price to offset their own state tax liabilities. The proceeds from the sale of these tax credits could then be used by landowners to cover the costs associated with completing conservation projects or be reinvested into their land management or agricultural operations.

In addition to the state tax credit, landowners who donate land and easements for conservation purposes are also potentially eligible for federal tax incentives. Under the new Pension Act passed by Congress last year, these landowners may now be able to offset their federal tax liabilities by writing off the value of their donations at a rate of 50% of their adjusted gross income per year over a period of 16 years and, if they earn more than 50% of their income from agriculture, they may be able to take a deduction up to 100% of their adjusted gross income per year over the same time period.

New Mexico now ranks as one of the top ten fastest growing states in the nation with a population projected to increase 35% over the next 25 years. As a result of this growth, approximately 50,000 acres of rural, undeveloped land are being converted to development each year and, with the conversion of these lands, we are losing valuable wildlife habitat, agricultural land and water rights, cultural and historic sites, and scenic and recreational open space.

The New Mexico Land Conservancy is one of several national, state and local non-profit land trust organizations dedicated to protecting land for conservation purposes in New Mexico. In addition to their conservation values and benefits, these protected lands collectively contribute to the economy – by sustaining agriculture, tourism and recreation – as well as to the overall quality of life we enjoy in New Mexico.

Most land trusts focus primarily on conserving private land through the use of a voluntary land protection tool called the conservation easement. When placing their lands under conservation easements, landowners retain private ownership of the subject lands, but they voluntarily accept certain levels of restriction on their abilities to subdivide, develop and use the subject lands in order to preserve their wildlife, agricultural, scenic open space, historic, recreational and/or educational values.

Over the past 100 years, land trusts have conserved over 12 million acres of private land nationwide through the use of conservation easements. In New Mexico, approximately 150,000 acres of land are currently protected by easements held by state and local land trusts, and another 500,000 acres of land are protected by easements held by national conservation organizations.

The New Mexico Land Conservancy's mission is to preserve New Mexico's land heritage by protecting key wildlife habitat, cultural and natural resources, productive agricultural lands, scenic open space and recreational lands for conservation purposes and public benefit. The New Mexico Land Conservancy currently holds conservation easements over approximately 50,000 acres of land throughout the state. For further information, call (505) 986-3801 or visit their website at www.nmlandconservancy.org.

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