Title of Program Recommendation: ***Expanding Existing Conservation Tax Incentive Program***

Goal/Purpose: *(Include a synopsis of how the recommendation would be utilized).* The **Conservation Tax Credit** is a financial incentive for landowners to help protect the state's natural resources. Landowners who donate fee-title lands or permanent Conservation Easements to a government entity or Qualified Organization may apply for a credit against their state income taxes. Delaware is one of 16 states that has a conservation tax credit law already in place which was supposed to encourage the use of land preservation/conservation without the fiscal impact of direct funding. However, there are a few components of other state's tax credit programs that do not currently exist in Delaware which the state should consider implementing or expanding to make the program more active. These include: a higher limit on both the statewide tax and personal credit amounts, define wetlands expressly as a conservation value, and allow for transferability for landowners who cannot personally utilize the state income tax credit .

Major Program Components:

If the Conservation Tax Credit program were to be revitalized, there already exists statutory language that provides for the implementation and administration of the program through the existing Delaware Land and Historic Resources Protection Incentives Act of 1999.

All necessary major implementation and administrative components for this program are referenced and can be found in Subchapter I, Chapter 18, Title 30, Delaware Code.

Action Steps required to implement: (*Important to note here who is responsible for each action step and the approximate time to complete it. Also include here any impediments that may need to be resolved).*

The General Assembly would need to amend existing Delaware statute to allow for an increase in tax credit amounts, the addition of wetlands as a conservation value, and the allowance of a transferability program.

Performance Measures: (*Suggest ways that the recommendation's performance 3 to 5 years out might be evaluated).*

- Since 2001, Delaware has conserved almost 400 acres; 23 projects protecting 366 acres with a tax credit taken of $759,386 out of a total value of $4,521,760.
- North Carolina and Virginia have both amended their intital regulations to allow for an increase in the tax credit cap as well as the addition of an exchange program and experienced significant increases in the number of landowners that enrolled in the program.
    - Virginia- By the end of 2010, $2,512,000,000 of property value had been donated as easements in Virginia for which tax credit was claimed.The qualifying easements cover over 516,000 acres (2,090 km2) of Virginia landscape. The Virginia program now grants about $110 million of new tax credit each year. The

credit allowance is 40% of the appraised value of the easement donation, so this equates to $275 million of property value donated per year for protection of wildlife habitat, farmland and woodland, and scenic open space—in perpetuity.

- North Carolina- North Carolina first enacted Conservation Credits in 1983, making its program the oldest ongoing state Conservation Credit program. The statistics gathered by the state demonstrate how increasing the value of a conservation tax credit can impact both annual donations and annual acres donated. Over the years, the maximum allowed credit was raised from $5,000 to $250,000 for individuals and from $5,000 to $500,000 for corporations. The average number of **conservation easements donated more than doubled** when the credit cap was raised from $25,000 to $100,000 per individual and from $25,000 to $250,000 per corporation. The average number of donations more than doubled again when the cap was raised to $250,000 for an individual and $500,000 for a corporation. Average annual acres donated also rose significantly from 1983 to 2004, climbing from an average of 397 acres to 11,500 acres.

Fiscal Note: *(Include an annual estimated cost to implement).*

- Due to all of the unknown components and without knowing if there would be additional level of participation, the fiscal impact cannot be determined at this time.

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