

CLARKE COUNTY
CONSERVATION EASEMENT AUTHORITY
Determination of Conservation Easement Value
 May 2006, Amended October 2008

Once a property owner confirms in writing their interest in selling an easement, the Authority commissions a professional appraisal of the easement value of a property. The Authority also asks the owner to provide their average annual adjusted gross income in each of the three most recent tax years. The appraised easement value is adjusted based on the income of the owner. Lowest-income owners may be offered up to the full-appraised value of the easement. Middle-income owners may be offered up to a portion of the appraised value and higher income owners are offered a minimal amount (see following chart). All income information is kept confidential and the privacy of the owner respected.

The purpose of adjusting the appraised easement value by income is to focus the available funds toward lower- and middle-income property owners. Higher-income owners who donate easements benefit from a federal charitable tax deduction and a Virginia tax credit. Lower- and middle-income owners benefit less, or not at all, from a tax deduction of a donation because of their lower income, so compensation is indicated. The following chart reflects the relative financial tax benefits of easement donation for owners in the \$55,000 to \$205,000 income range. The higher the owner's income, the more money he or she would receive as a tax benefits by donating an easement. The lower the owner's income, the more money he or she would need to obtain a comparable cash benefit for agreeing to an easement.

The property owner is informed of the adjusted appraised value of the easement. The owner is invited to submit an offer to sell a conservation easement on the subject parcel for the purchase price (not tax deductible). The remainder of the appraised value of the easement would be eligible for a federal tax deduction (as a charitable donation) (ten-year carryover) and a Virginia tax credit (five-year carryovers). Once a purchase price is agreed on, the Authority then submits the proposed purchase to the Board of Supervisors for approval. The Authority pays all costs associated with the Authority's appraisal and the easement transfer (including legal and surveying fees). These costs are estimated to be in the \$2,500 to \$4,000 range per easement.

The adjusted appraised value of a conservation easement is calculated by multiplying the appraised value by the applicable percentage of appraised value set forth in the table below. The average annual adjusted gross income is based on the aggregate of the annual adjusted gross income of each owner of record and the members of each owner's household for each of the three most recently filed tax returns. In the case of a parcel owned by an entity such as a corporation, partnership, limited liability company, trust or estate, the average annual adjusted gross income of the owner is based on the weighted average of the annual adjusted gross incomes of the shareholders, partners, members, grantor, beneficiaries or decedent, as the case may be.

Average Annual Adjusted Gross Income	Percentage of Easement Appraised Value
\$ 0 - \$55,000	100%
\$55,001 - \$65,000	94%
\$65,001 - \$75,000	88%
\$75,001 - \$85,000	82%
\$85,001 - \$95,000	76%
\$95,001 - \$105,000	70%
\$105,001 - \$115,000	64%
\$115,001 - \$125,000	58%
\$125,001 - \$135,000	52%
\$135,001 - \$145,000	46%
\$145,001 - \$155,000	40%
\$155,001 - \$165,000	34%
\$165,001 - \$175,000	28%
\$175,001 - \$185,000	22%
\$185,001 - \$195,000	16%
\$195,001 - \$205,000	10%
\$205,001 or more	4%

Purchases from Nonprofits – The Authority may offer payment of up to 25% of the appraised value of the easement.