

For Immediate Release
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Four Landowners Donate Development Rights to Protect Land

Oxford, OH. Four conservation-minded families stepped up and donated conservation easements to permanently protect their beloved lands with the Three Valley Conservation Trust at the end of 2006. Michael and Laura Fain of Oxford, Jennifer and Jason Hoke of Germantown, Jon and Amy Costanzo of Camden, and Joe and Judith Fergus of Lewisburg all donated the development rights to their farms to prevent further development. In all, the new conservation easements gave the Three Valley Conservation Trust's total of ten easements covering over 1500 acres in 2006 alone, and finished 2006 with 47 conservation easements covering 5460 acres in all.

For these four families in Butler, Preble and Montgomery Counties, protecting their land for future generations was something they have been contemplating for a long time. "Our farm is very important to us, and we wanted to ensure it would always remain habitat for wildlife," commented Jon Costanzo, a zoology professor at Miami University, about their 62-acre farm in Somers Township, Preble County. Costanzo, who volunteers with several conservation organizations, is passionate about assisting area landowners with their habitat projects and has helped establish or manage over a thousand acres of grassland in Preble and Butler Counties. His wife, Amy, a medical educator in Cincinnati, enjoys spending autumn days cutting firewood and improving timber on their Tree Farm property.

Since purchasing the farm in 1996, the Costanzos have controlled invasive vegetation, constructed wetlands, and planted nearly 30 acres of native prairie. The rolling, wooded property is indeed a haven for wildlife, including wild turkey and trophy-class deer. Costanzo and fellow Three Valley Conservation Trust Board member and zoologist, Tom Wissing catalogued numerous plants and animals during a vigorous five-hour survey that established the farm's present condition and documented its particular conservation values. This land "possesses value as open space, as a collection of uncommonly diverse natural, scenic landscapes, wildlife habitats, and environmental systems, and as a potential site for public recreation, environmental education and nature appreciation," it states in their conservation easement.

Joe and Judith Fergus acted quickly to protect their 111 acre farm along Price's Creek in Twin Township, Preble County. "As time rolled on, we came to the decision that preserving our land was something important to us. It is not just a part of our legacy. I want my farm to continue to be a place that city folks can get away to in order to experience nature", commented Joe Fergus, a retired veterinarian, while taking Trust representatives on a wagon ride tour the beautiful woodland and stream area. Once the Fergus family made their decision, it was only a matter of weeks until their conservation easement was completed and recorded at the County Recorder's office. "The Trust made it easy for my family to choose to protect our prized possession as part of our legacy to our community," added Joe Fergus.

Mike and Laura Fain discussed their interest in placing their twenty acre horse farm in Oxford Township under easement shortly after moving back to Oxford to practice medicine several years ago. "It was something important to our family," he noted. The primarily agricultural ground retains its woodland borders and provides lovely vistas of the countryside.

"Small parcels conserved for agricultural purposes such as the Fain's and for that matter, the Hoke's, often have a significant variety of bird species, waterfowl, trees, and other flora and fauna," reflected Larry Frimerman, the Three Valley Conservation Trust's Executive Director. "It turns out that this agricultural field provides a necessary buffer for a 200 acre, multi-property woods. In fact, the easement could turn out to be the anchor for other conservation easement activity nearby, both through word of mouth and greater understanding of what easements do and don't do. "The Trust is ever so grateful to these four families for their generosity," he added.

After conversations with their tax accountant and lawyer, the Fains not only decided 2006 was the right time for completing their easement, but that the potential tax relief from the major donation was enough of a help that Mike thought his partners might be interested in following suit. He was right- the Hoke family decided to place a conservation easement on their newly-acquired 13.5 acre hilltop mini-farm in Milford Township. The Hokes knew that their new farm was where they intended to settle and eventually to retire at, and wanted to continue the conservation legacy. This property “provides a buffer for a major headwater and a tributary to Seven Mile Creek, with a rich diversity of trees and animals in its riparian woods,” notes the Hoke baseline report.

Each of the four year-end conservation easement donors recognized the potential benefit of the recently enacted law temporarily expanding the conservation easement donation tax deduction. The change is significant enough to make it more feasible for a broader range of property owners to more fully utilize the tax deduction than under the prior tax law. “The changes in the federal income tax law made it more attractive to act now,” said Mike Fain.

Last August, the President signed a law expanding the conservation easement tax deduction to correct a defect in the pre-existing tax law that limited easement donors’ ability to fully deduct the conservation easement donation value. This defect contributed to the turning away of countless families otherwise choosing to voluntarily give up their rights to have their lands to ever be developed into housing, commercial or industrial uses.

In a nutshell, the tax change permits current conservation easement donors to deduct 50% of their adjusted (prior to itemized and standard deductions) gross income each year for up to a maximum of sixteen years, or until the value of the appraisal-derived easement donation value is used up, (whichever comes first). For farmers, the deduction is 100% of adjusted gross income over sixteen years, in recognition of the larger acreages and smaller incomes. However, Congress granted this tax relief only for conservation easements signed in 2006 and 2007. After 2007, the provisions revert to the old tax law which permitted any property owner to deduct only 30% of their adjusted gross income, and capped the number of year’s carryover for a maximum total of six years.

To make it more understandable, it is best seen via example. A two-wage earner family with an adjusted gross income of \$80,000 making a 100 acre conservation easement with an easement value of \$4,000 per acre would make a \$400,000 donation to society. Those are forgone funds that could otherwise be used for other family or investment purposes.

Under the old tax law, the family could deduct \$24,000 per year for a maximum of six years, or \$144,000 in deductions. Thus, the family could not even deduct \$256,000 of the actual donation value they sacrificed by making the voluntary easement donation. Indeed, fewer landowners could make such an altruistic choice.

However, under the new temporary tax change, that same family making the same \$400,000 easement donation could deduct \$40,000 per year (50% of AGI) for a total of ten years, at which point the entire easement donation would have been utilized. The additional tax savings is enough to permit a wider array of families that have been looking for ways to save their family lands from the bulldozer to do so. Thus, the change in the tax code may see a greater profusion of conservation easement donations.

The Three Valley Conservation Trust is a membership organization that works with the people and communities to conserve the natural environment and cultural heritage in southwestern Ohio and small parts of southeast Indiana. It currently holds and annually monitors forty-seven conservation easements permanently protecting nearly 6000 acres of farmland, stream corridors and habitat in four counties.

To find out more about the Three Valley Conservation Trust, how to preserve your family lands, or to join the Trust, contact the office at 5920 Morning Sun Road, Oxford, OH 45056, at (513) 524-2150, or visit its website at www.3vct.org.