

CREP Connections

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Potential Tax Credit Opportunities

Conservation tax credit opportunities are available for CREP participants that enroll land in a permanent easement. Permanent conservation easements offer landowners many economic benefits in addition to the state one-time bonus. Landowners may apply for a state conservation tax credit and a federal tax deduction on all lands enrolled in permanent conservation easements.

North Carolina State Tax Credits: A landowner may receive a tax credit of up to 25 percent of the value of a donated interest in land (up to a maximum credit of \$250,000 for individuals and \$500,000 for corporations) to be carried for five successive years on state income taxes. For more information about the N.C. Tax Credit Program, call (919) 715-4191 or visit their website at: <http://www.enr.state.nc.us/conservationtaxcredit/>.

Federal Income Tax Deductions: The value of an easement is considered a charitable contribution that may be deducted from federal taxes. In 2006, President Bush signed into law a new tax incentive for conservation easement donations. The new law raises the deduction a landowner may take for donating a conservation agreement from 30 percent of their adjusted gross income in any year to 50 percent, allows qualifying farmers and ranchers to deduct up to 100 percent of their adjusted gross income and increases the number of years over which a conservation easement donor can take those deductions from six years to 16 years.

Conservation easement must meet the requirements of Section 170(h) of the tax code and every deduction must be based on an appraisal on existing market conditions and a thorough analysis of land use possibilities. These new incentives will expire Jan. 1, 2008.

The Conservation Reserve Enhancement Program does not provide tax advice nor guarantee eligibility. As part of the tax credit process, some steps may need to be completed prior to the easement acquisition. You should discuss potential tax credits with a professional financial advisor or certified public accountant upon enrollment.

Upgrade Now for Increased Incentives



Current Enrollees: You still have an opportunity to benefit from the increased incentive payments. Due to an overwhelming response for upgrading to permanent easements, we are extending this opportunity. The program will continue to accept applications from current participants who choose to upgrade their contract or easement length. For example, if you have a 15-year contract on your property and wish to change it to a permanent easement, then you will be paid based on the new increased payment rate. This will not extend annual rental rate payments paid by the USDA .

Contact your local soil and water conservation district to complete an application or call Janine Owens at (252) 948-3905.



Planting forested riparian buffers helps to reduce the level of nutrients that enter adjacent streams, improving water quality and creating wildlife habitat.

CONSERVATION PAYS!

Learn more about the Conservation Reserve Enhancement Program.

Call your local Soil & Water Conservation District or call:

1-252-948-3902

CREP is a voluntary program that seeks to protect land currently in agricultural production that is located along watercourses. Landowners who enroll in CREP receive incentive payments for installing best management practices that improve water quality. CREP is a joint effort of the N.C. Division of Soil and Water Conservation, N.C. Division of Forest Resources, N.C. Clean Water Management Trust Fund, and the Natural Resource Conservation Service and Farm Service Agency of USDA.

N.C. Division of Soil and Water Conservation
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Connect to CREP Online

The "CREP Connections" newsletter is now available electronically. If you would like to receive future program information via e-mail, please send a message to natalie.jones@ncmail.net. Thank you for your interest in CREP!

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