

OPPOSE House Bill 1470

Land Preservation Tax Credits; Limitations

Patron: Delegate R.Ware

Reasons to OPPOSE HB1470

- **Protecting the Places We Love:** Virginia's Land Preservation Tax Credit (LPTC) protects the water we drink, preserves our farms and forest lands, and saves those special natural, historic, and scenic places that define Virginia.
- **Supporting Virginia's Major Industries:** Land conservation is essential to Virginia's three major industries of agriculture, forestry, and tourism. Combined, these industries represent over \$90 billion to Virginia's economy in direct, indirect and induced benefits.
- **Consistency Breeds Success:** The multiple changes to the LPTC over the last five years have created uncertainty for landowners. The rate and nature of these changes hampers a potential donor and their decision to preserve their land. Certainty in rules and regulations, whether for the individual or in business, is vital to making decisions about family lands.
- **A True Public/Private Partnership:** For every \$100 of LPTC tax credits issued, private landowners contribute at least \$150 in value to the long term conservation of Virginia's natural, historic, scenic, and agricultural resources.

Overview

Virginia's Land Preservation Tax Credit (LPTC) was established in 1999 and has proven to be an incredibly effective tool in realizing the policy goals of our Commonwealth. It is directly responsible for conserving more than 741,000 acres of land in the Commonwealth – a rate 5 times that of the 35 years prior to its development. The LPTC program works because it offers a meaningful incentive for landowners to voluntarily donate land or conservation easements. These protected lands play a significant role in meeting numerous federal, state and local policies.

Unfortunately, statutory changes over the past three years have eroded the LPTC's incentives. And now, HB1470 proposes to make further cuts to the program. Specifically, HB 1470 proposes to (1) lower the total number of credits that may be issued in a year from \$75 million to \$50 million - 2016 total are expected to be over \$55 million; (2) impose for the first time a "per deal" cap of \$2 million on conservation transactions; (3) restrict the number of credits that taxpayers may redeem in 2017 and beyond; and (4) increase the fees when transferring LPTC tax credits.

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