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Charitable Conservation Contribution Tax Credit

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Outline

- Review the Charitable Conservation Contribution (CCC) Tax Credit
- Compare federal tax incentives and other states' tax credit
- Present donor data
- Demographic data on household claims
- Conclusion

CCC Tax Credit Overview

- Equal to 50% of the fair market value of the donated property
- Maximum amount of the tax credit is \$100,000 per taxpayer
- Limiting eligible contributions to \$200,000
- Excess can be claimed as an itemized deduction
- Nonrefundable
- Nontransferable
- 20-year carry forward

Other States with Charitable Conservation Contribution Tax Credit Programs

- Thirteen states currently offer income tax credits for charitable conservation contributions
- Seven states offer a tax credit of 50% of the appraised fair market value of the donated property
- All are nonrefundable
- Three states allow tax credits to be transferred
- None of Iowa's immediate neighbors have a similar credit

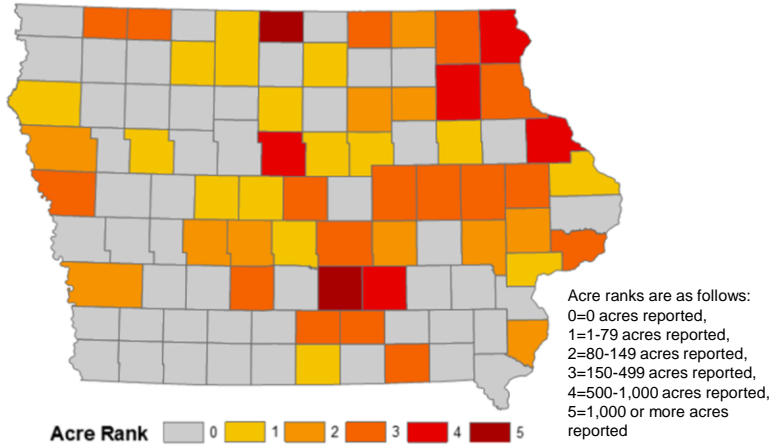
Qualifying Contributions

- **Conservation Donation**
 - The donation of a qualified real property interest to protect a significant relatively natural habitat in which a fish, wildlife, or plant community, or similar ecosystem normally lives
- **Conservation Easement**
 - A legal agreement between a landowner and a conservation group that permanently limits the uses of the land by the current landowner and all future owners in order to protect specified conservation values
 - Land remains on the property tax rolls
- **Bargain Sale**
 - Sale of land or interest in land to a tax-exempt conservation organization at a price less than the full fair market value
- **Easement Bargain Sale**
 - A landowner receives partial compensation as incentive to protect land with a conservation easement

Federal Conservation Easement Deduction

- An individual's deduction may not exceed 50% of the individual's contribution base (Federal adjusted gross income)
- For corporations, the maximum amount allowable for any taxable year is 10% of the corporation's taxable income for that year
- An individual who is a qualified farmer or rancher may deduct up to 100% of the individual's contribution base
- Individuals and corporations can carryforward unused charitable contributions for up to 5 years

County Location of Identified Donations



Sources: Available Iowa Department of Revenue 8283 Form Data;
 Iowa Natural Heritage Foundation Annual Gift Data

Initial CCC Tax Credits Earned by Unique Donation

Tax Year	Number of Initial Tax Credits Eamed	Amount of Tax Credits Eamed	Average Tax Credit Amount Eamed
2008	16	\$713,714	\$44,607
2009	31	\$802,027	\$25,872
2010	48	\$1,477,630	\$30,784
2011	21	\$1,379,152	\$65,674
2012	22	\$1,031,542	\$46,888
2013	26	\$949,871	\$36,534
2014	21	\$673,884	\$32,090
2015	14	\$783,200	\$55,943
2016	45	\$1,362,133	\$30,270
2017	96	\$1,568,070	\$16,334
2018	37	\$1,165,793	\$31,508
Total	377	\$11,907,016	\$31,583.60
Average	34	\$1,082,456	

Source: Iowa Department of Revenue
 IA 148 Tax Credits Schedule

Initial CCC Tax Credits Earned by Household Adjusted Gross Income (AGI)

AGI Range	Number of Tax Credits Earned	Distribution of the Number of Tax Credits Earned	Total Amount of Tax Credits Earned	Distribution of Amount of Tax Credits Earned	Average Amount of Tax Credit Earned	Number of All TY 2018 Taxpayers	Distribution of All TY 2018 Taxpayers
\$29,999 or Less	22	5.8%	\$690,432	5.7%	\$31,383	642,380	39.8%
\$30,000 - \$99,999	83	22.0%	\$1,810,007	14.9%	\$21,807	681,665	42.3%
\$100,000 - \$199,999	107	28.4%	\$3,374,354	27.8%	\$31,536	208,881	12.9%
\$200,000 - \$999,999	132	35.0%	\$4,174,389	34.4%	\$31,624	70,136	4.3%
\$1,000,000 or More	33	8.8%	\$1,857,834	15.3%	\$56,298	10,122	0.6%
Total	377	100%	\$11,907,016	98%	\$31,584	1,613,184	100%

Households with CCC credits tend to have higher income when compared with all Iowa taxpayers

Source: Iowa Department of Revenue
IA 148 Tax Credits Schedule



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Initial CCC Tax Credits Earned by Claimant's Residency

Residency Status	Number of Tax Credits Earned	Distribution of the Number of Tax Credits Earned	Total Amount of Tax Credits Earned	Distribution of Amount of Tax Credits Earned	Average Amount of Tax Credit Earned
Out of State	67	16.7%	\$1,341,563	14.3%	\$20,023
In State	310	83.3%	\$10,565,453	85.7%	\$34,082
Total	377	100%	\$11,907,016	100%	\$31,584

Source: Iowa Department of Revenue
IA 148 Tax Credits Schedule



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Initial CCC Tax Credits Earned by Claimant's Age

Age of Claimant	Number of Tax Credits Earned	Distribution of the Number of Tax Credits Earned	Total Amount of Tax Credits Earned	Distribution of Amount of Tax Credits Earned	Average Amount of Tax Credit Earned
45 or younger	47	12.5%	\$1,043,701	8.8%	\$22,206
46-55	58	15.4%	\$2,206,642	18.5%	\$38,046
56-65	85	22.5%	\$2,761,145	23.2%	\$32,484
66-75	101	26.8%	\$3,146,584	26.4%	\$31,154
76 or older	69	18.3%	\$2,329,720	19.6%	\$33,764
Unknown	17	4.5%	\$419,224	3.5%	\$24,660
Total	377	100%	\$11,907,016	100%	\$31,584

Includes multiple ages in cases when more than one claimant for a unique donation

Source: Iowa Department of Revenue
IA 148 Tax Credits Schedule

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Total Individual CCC Tax Credit Claims

Tax Year	Number of Tax Credit Claims	Amount Carried Forward from Previous Year	Amount of Initial Tax Credits	Amount of Tax Credits Available for Current Year	Amount of Tax Credits Applied in Current Tax Year	Amount of Tax Credits Carried Forward to Next Tax Year
2008	16	\$0	\$713,714	\$713,714	\$197,468	\$516,246
2009	44	\$516,246	\$802,027	\$1,318,273	\$430,993	\$887,280
2010	74	\$873,578	\$1,477,630	\$2,351,208	\$355,975	\$1,995,233
2011	79	\$1,944,564	\$1,379,152	\$3,323,716	\$630,844	\$2,692,872
2012	94	\$2,645,239	\$1,031,542	\$3,676,781	\$987,956	\$2,688,825
2013	88	\$2,353,459	\$949,871	\$3,303,330	\$321,017	\$2,982,313
2014	104	\$3,012,348	\$673,884	\$3,686,232	\$650,227	\$3,036,005
2015	104	\$3,019,147	\$783,200	\$3,802,347	\$440,203	\$3,362,144
2016	140	\$3,485,290	\$1,362,133	\$4,847,423	\$652,615	\$4,194,809
2017	217	\$3,732,434	\$1,568,120	\$5,300,554	\$867,238	\$4,433,316
2018	200	\$4,226,391	\$1,165,793	\$5,392,184	\$716,044	\$4,676,140
Total	1,160		\$11,907,066		\$6,250,580	

\$4.7 million carryforward into TY 2019

Source: Iowa Department of Revenue
IA 148 Tax Credits Schedule

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CCC Tax Credit Claim Timing

Year of Initial Tax Credit Claim Credit Earned	Total Amount of Tax Credits Earned	Percent Remaining After	Percent Remaining After	Percent Remaining After	Percent Remaining After	Percent Remaining After	Percent Remaining After	Percent Remaining After	Percent Remaining After	Percent Remaining After	Percent Remaining After	Amount Remaining
		First Year	Second Year	Third Year	Fourth Year	Fifth Year	Sixth Year	Seventh Year	Eighth Year	Ninth Year	Tenth Year	
2008	\$713,714	72.3%	41.6%	36.7%	34.9%	30.7%	27.2%	25.3%	24.0%	22.4%	20.0%	20.0%
2009	\$802,027	73.6%	67.1%	50.7%	34.7%	32.5%	29.4%	27.3%	25.3%	24.1%	23.3%	23.3%
2010	\$1,477,630	84.2%	74.4%	54.6%	50.6%	46.4%	44.2%	41.4%	38.6%	37.1%		37.1%
2011	\$1,379,152	72.6%	55.3%	50.7%	44.3%	38.4%	35.5%	32.6%	30.6%			30.6%
2012	\$1,031,542	71.2%	67.4%	45.6%	41.0%	38.3%	33.0%	31.6%				31.6%
2013	\$949,871	87.6%	74.9%	69.6%	64.3%	58.9%	50.1%					50.1%
2014	\$673,884	82.7%	66.8%	54.0%	46.7%	38.9%						38.9%
2015	\$783,200	86.4%	75.4%	67.4%	63.6%							63.6%
2016	\$1,362,133	80.9%	65.1%	57.7%								57.7%
2017	\$1,568,120	77.2%	61.1%									61.1%
2018	\$1,165,793	85.2%										85.2%
Average	\$11,907,006	79.5%	64.9%	54.1%	47.5%	40.7%	36.6%	31.6%	29.6%	27.8%	21.6%	

Estimated 59.3% claimed within first five tax years

Estimated 78.4% claimed within first ten tax years

Source: Iowa Department of Revenue
IA 148 Tax Credits Schedule

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CCC Tax Credit Program Conclusion

- Donated land tends to favor geologically significant areas of the state
- Claimants tend to be predominantly higher income earners and tend to be older than 55 years old
- Over 80 percent of claimants are residents (all must have income from Iowa in order to claim credit)
- The 20-year carryforward window appears to be sufficient for most claimants to utilize the credit to its full extent

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Thank you!