MEMORANDUM OF UNDERSTANDING
Between the
VIRGINIA DEPARTMENT OF TAXATION
And the
VIRGINIA DEPARTMENT OF CONSERVATION AND RECREATION
For the
ADMINISTRATION OF LAND PRESERVATION CREDITS
As
ESTABLISHED MARCH 15, 2007

RECEIVED
JUN 18 2007
DEPT OF TAXATION
COMMISSIONER'S OFFICE

I. PARTIES:

The parties to this agreement are the Virginia Department of Taxation, hereafter referred to as "TAX", and the Virginia Department of Conservation and Recreation, hereafter referred to as "DCR."

II. PURPOSE:

This agreement is entered into to ensure the timely and appropriate issuance of Land Preservation Credits (LPC) of $ 1 million or more, and the collection and allocation of transfer fees as provided in *Code of Virginia* §§58.1-512 and 513.

III. PERIOD OF PERFORMANCE:

This agreement is to be effective March 15, 2007 and continues in effect until amended or cancelled by either party in accordance with the applicable clauses contained herein.

IV. ADMINISTRATION RESPONSIBILITIES:

A. TAX agrees to:

1. With assistance from DCR, develop, create, amend, and publish appropriate forms, instructions and guidance necessary to administer the LPC program.
2. Provide administration of all LPCs, to include tracking of claims against the annual credit pool (beginning with $100 million in 2007 and then increasing annually as provided by law), and ensure claims against the credit pool are granted on a first-come, first-served basis.

3. Receive and process the transfer fee required by §58.1-513.
4. Share LPC data, to the extent permissible by the *Code of Virginia,* required by DCR to produce its Annual Report as required by §58.1-512 (C) (2).
5. Verify, at least quarterly, all applications received by TAX, including those verified by DCR, and credits issued by TAX.
6. Distribute the fees due to DCR after the close of each quarter as established under Part V: Fee Agreement.
7. Provide customer service by responding to letters and telephone calls about all aspects of the credit approval process. Questions regarding DCR verification of applications for credit over $1 million shall be referred to DCR's Land Conservation Analyst.
8. For credit applications of less than $1 million, determine if an application nevertheless must undergo verification of conservation value based on the aggregated value of claims on the subject property being over $1 million for the preceding 11 year period.

B. DCR agrees to:

1. Review and verify the conservation value of the donated real property interests of all credit applications in the amount of $1 million or more as provided in §58.1-512.
2. Provide TAX with written verification of the conservation value for the applicable credit applications in a format to be developed in conjunction with TAX.
3. Provide TAX with DCR data requirements to enable DCR to produce the Annual Report provided for in §58.1-512 (C) (2).
4. Provide suggestions for revisions and improvements to LPC forms as requested by TAX.
5. Provide TAX with all necessary coding for the transfer of fees allocated to DCR.
6. Provide customer service by responding to letters and telephone calls about its verification of applications for credits over $1 million.
7. Prior to receiving the quarterly fee, verify, at least quarterly, all applications received, including those verified by DCR, and credits issued by TAX.

VI. TERMS OF AGREEMENT:

The terms of this agreement are subject to amendment at any time, as mutually agreed to in writing by the cooperative parties.

Joseph H. Maroon
Director
Virginia Department of Conservation
and Recreation

6/12/07
Date

Janie E. Bowen
Commissioner
Virginia Department of Taxation

5/30/07
Date