

VIRGINIA'S LAND PRESERVATION TAX CREDIT

Conservation Value Review for applications of at least \$1 million

The Virginia Department of Conservation and Recreation (DCR) is responsible for verification of the conservation value of Land Preservation Tax Credit applications claiming a tax credit of \$1 million or more pursuant to the Land Conservation Incentives Act (Virginia Code § 58.1-512).

CONSERVATION VALUE REVIEW CRITERIA

All donations of land or a conservation easement for which the donor claims a credit of \$1 million or more must meet the conservation value review criteria adopted by the Virginia Land Conservation Foundation board. Please contact DCR for a copy of the criteria or visit at www.dcr.virginia.gov/land_conservation.

PRE-FILING REVIEW

Although not required, DCR staff strongly encourages such applicants to submit their deed of conservation easement or deed of gift and a Department of Taxation LPC-1 form for a pre-filing review **before the easement is recorded**. DCR staff makes every attempt to complete the review within 90 days.

The pre-filing review includes:

- Confirming the conservation purpose of the donation.
- Reviewing the deed's conservation values and restrictions.
- Determining the status of any cultural or natural heritage resources on the property.
- Conducting a site visit to the property.
- Preparing a report on the proposed donation.
- Providing the applicant and his or her representative(s) with a comment letter containing requirements and recommendations for ensuring that the donation has verifiable conservation value that satisfies state criteria.

DCR gathers information about the donation's conservation value during the pre-filing review prior to making a comment to the applicant. Bear in mind, however, that a comment by DCR on a pre-filing application **is not the same as DCR's official verification** of the donation's conservation value to tax as is required by Virginia Code § 58.1-512.

COMPLETING THE DONATION

For DCR to verify the conservation value of a donation, completed applications must include at a minimum:

- A final LPC-1 form, which can be found at www.tax.virginia.gov.

TIMELINE OF THE DONATION PROCESS

For landowners claiming a tax credit of \$1 million or more

- Landowner negotiates the terms of a donation with a land trust or agency.
- Land trust approves the donation.
- Landowner submits a pre-filing application to DCR (optional but encouraged).
- DCR reviews the pre-filing application. This step may take 90 days or longer.
- DCR sends a comment letter to the applicant.
- Applicant amends his or her LPC-1 form and deed as recommended by DCR.
- Applicant completes the donation and records the deed.
- Applicant submits a final LPC-1 form with supporting documentation to DCR for the official review.
- DCR reviews the donation and verifies the donation's conservation value. DCR's director sends a letter to the Department of Taxation and the applicant. This step might take up to 90 days.

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- An updated Baseline Documentation Report.
- A conservation easement or deed of gift that meets the requirements in the comment letter that may have been received.

VERIFICATION OF CONSERVATION VALUE TO THE DEPARTMENT OF TAXATION

Within 90 days of receiving a completed LPC-1 form and supporting documentation, DCR verifies to the Department of Taxation the conservation value of the donation. The Department of Taxation considers an application complete only after DCR has verified the conservation value. **Completion of a pre-filing review greatly expedites this process.**

Donors hoping to take full advantage of tax incentives offered for land preservation in Virginia during a given tax year should submit a pre-filing application early in the calendar year. **Those who apply for the credit late in the year risk being unable to receive the tax credit because DCR cannot ensure that its review of the conservation value can be completed within that year.**

For general information about land conservation in Virginia, contact DCR's Office of Land Conservation at (804) 225-2048 or visit www.dcr.virginia.gov/land_conservation.

This information is not meant as a substitute for legal or tax advice. Contact your attorney or tax advisor for information tailored to your situation.

FOR INFORMATION

about DCR's review of Land Preservation Tax Credit applications, contact the agency's land conservation analyst.

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