

Conservation Resource Center's Tax Credit Exchange

Save open space and reduce taxes by participating in the Tax Credit Exchange

Tax Credit Update Topic: **How Will the New Budget Fix Affect the Possibility of Getting an Easement Tax Credit Refund?**

One option for landowners who donate a conservation easement and earn tax credits is to elect to claim a refund of up to \$50,000 during budget surplus years. The last several years have *not* been budget surplus years so the option to claim a refund was not available. This year, however, is projected to be a surplus year and therefore a year in which an easement donor could theoretically elect to receive a refund.

Earlier this month, the Colorado legislature sent House Bill 05-1194 to the Governor for his signature. House Bill 05-1194 will then appear on November's ballot as Referendum C – The Colorado Economic Recovery Act. If Referendum C is approved by Colorado voters in November, it appears that it *will effectively eliminate* the option to receive a refund for the next five years.

It is important to note that other than the option to elect a refund, Referendum C does not impact the Colorado conservation tax credit in any other way. Taxpayers may still transfer all or a portion of their credits through the Conservation Resource Center's Tax Credit Exchange just as they have in the past.

Of course, it is possible that Referendum C will not be approved in November. If this is the case, taxpayers will have the following options:

- Use the tax credits themselves to satisfy their tax liability;
- Transfer all or a portion of tax credits through the Conservation Resource Center's Tax Credit Exchange: OR
- Elect to claim a refund of up to \$50,000. Because of a change in position by the Colorado Department of Revenue, it is no longer possible to claim the refund AND still transfer remaining credits in the same year.

The Conservation Resource Center is issuing this update at this time so that donors and potential donors of conservation easements may plan accordingly. We will issue another update on this topic after the November election results are in.

Please contact us if you have any questions about Referendum C, Colorado conservation tax credits, or if you need further information.

© 2005, Conservation Resource Center. This document is the property of the Conservation Resource Center, and may not be copied or utilized, in whole or part, without its express written consent.