



## Colorado Coalition of Land Trusts

In an effort to keep all of you as up to date as possible, please read below for information on HB10-1197, the legislation that would change the conservation easement tax credit program.

HB10-1197 was introduced on January 22, 2010. In its original form, the bill reduced the conservation easement tax credit limit from \$375,000 to \$135,000 effective January 1, 2011. Based on information provided by the Colorado Legislative Council Staff, this change would have been permanent. After talking with the staff of numerous land trusts, what was already suspected became clear: this was an unacceptable solution. Not only would the reduced cap effectively eliminate the incentive for landowners to do conservation easements but the permanent nature of the change went against everything we had heard in our negotiations with the Governor's Office and members of the Colorado General Assembly. After being told that the mechanism was not set in stone and that we were welcome to come back with an alternative solution, CCLT went over various proposals with our Public Policy Committee and Board of Directors. As you all know, we also reached out to our membership and asked for input on options available to us.

A strike below amendment was introduced to the House Finance Committee on Friday, January 29 for HB10-1197. The major changes were threefold: 1) instead of a reduction in the individual credit limit, we proposed an aggregate cap of \$26 million (a figure that was chosen after consultation with the Governor's Office) to the program as a whole; 2) the changes would be effective January 1, 2011 (please note: this means we are not one of the March 1, 2010 bills) but would sunset in 2013, rather than be a permanent change to the program; and 3) the cap would only apply to easements conveyed in 2011, 2012, and 2013. The reason for this last provision was to prevent the cap from being met by "carry forwards" from previous years' transactions.

Other amendments were made in attempts at shaping how the program would be administered and financed. As it stands, we are proposing that the program be run through the Division of Real Estate. There exists a provision that a waitlist would be created that would not exceed \$52 million (thus ensuring that the overall "cost" to the State remained at a \$26 million/year or \$78 million/three years level). For example, if \$78 million in credits were generated in 2011, the limits for 2012 and 2013 would be met. The alternative that was proposed was unacceptable in our mind: a strict \$26 million cap whereby the first credit in over that amount (and every subsequent easement) would never receive a tax credit. In contrast, the waitlist provides as much of an assurance as might be possible in this economic and legislative climate. We also worked with the Department of Revenue, Division of Real Estate, and the Colorado Legislative Council to ensure that the revised Fiscal Note for the legislation accurately reflected the changes to the program.

This amendment was passed by the House Finance Committee and HB10-1197 was subsequently passed 6-5 and sent to the floor of the House. Due to changes made by the amendment, the bill was then sent back to House Appropriations where we will continue working on it.

Thank you to all of our members who have provided input and support throughout this process.

#### Recent Press

Great [guest commentary](#) in today's Denver Post and an [editorial](#) that appeared in yesterday's Pueblo Chieftain from John Swartout (please note, the "Editor's Note" was not of our doing).

Thank you to all for your ongoing work to conserve Colorado,

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