



# SYCAMORE LAND TRUST

*Preserving land, restoring habitat, and connecting people to nature in southern Indiana since 1990.*

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## Land Trusts

### **What is a land trust?**

A land trust is a private nonprofit organization that actively works to permanently conserve land by the purchase or acceptance of donations of land; or holding conservation easements on privately held land to restrict development on those properties. Land trusts are not government agencies, but often work cooperatively with government agencies in acquiring or managing land.

### **What does a land trust do?**

Land trusts permanently protect wetlands, forests, watersheds, prairies, river corridors, farms and other land types from development. They purchase land; accept donations of land or the funds to purchase land; and accept bequests of land. Land trusts can also accept the donation of a conservation easement on privately held land, which permanently limits the type and scope of development that can take place on that land.

### **What are the advantages of working with a land trust to preserve land?**

Land trusts are very closely tied to the communities in which they operate. And the nonprofit tax status of land trusts brings a variety of tax benefits. Donations of land, conservation easements or money may qualify you for income, property, or estate tax savings. Because they are private organizations, land trusts can often be more flexible than public agencies and can act more quickly in saving land.

### **What are the economic impacts of conserving open space?**

Conserving open space in communities has been shown to attract jobs, enhance property values, and reduce costs. Preserving forests, wetlands and other natural landscapes also helps improve the quality of the water, land and air.

# Sycamore Land Trust

## **What is Sycamore Land Trust?**

Sycamore Land Trust (Sycamore) is a private nonprofit regional land trust founded in Bloomington, Indiana, in 1990. Its mission is to preserve the beauty, health, and diversity of southern Indiana's natural landscape through strategic land conservation and environmental education. Sycamore serves 26 counties in southern Indiana, from Morgan County south to the Ohio River. As of June 2020, Sycamore has preserved 118 properties totaling 10,070 acres. Sycamore owns most of these properties, and the rest are privately owned properties protected through conservation easements. Sycamore achieved national accreditation from the Land Trust Accreditation Commission in 2019.

Taking care of the land, and restoring healthy habitats is critical to Sycamore's mission. To connect people to nature, Sycamore created and maintains sixteen free public nature preserves with parking and over 36 miles of hiking trails. Each year thousands of people participate in our environmental education programs at schools and community organizations, and public hikes and other activities we host at our nature preserves. Thousands more visit our nature preserves on their own or with friends and family.

## **Why do we need an organization like Sycamore?**

Tens of millions of acres of natural land has been lost to development in the last thirty years. Many of the nation's land trusts were formed to address this problem – conserving our precious landscapes before they are lost forever. Protecting trees, wetlands and other natural landscapes provide critical habitat for animals and plants, and improves the quality of the land, air and water. Indiana puts aside less land for public enjoyment than most other states, and we have some of the most polluted land, air and water in the country.

## **What is Sycamore's legal status?**

Sycamore is a 501(c)(3) not-for-profit organization. As such, all donations to Sycamore are tax-deductible to the extent allowed by law. Sycamore's Tax ID number is: 35-1830637.

## **Is Sycamore a political group?**

No. Sycamore is not a political or advocacy group. We assist landowners with voluntary land protection efforts that fulfill their individual needs and wishes.

## **What type of property is Sycamore interested in preserving?**

Sycamore protects all different types of land. Each property is evaluated individually after careful consideration of its resources and qualities. Depending on the property, sometimes one factor alone is significant enough to merit protection. Other times several factors contribute to the property's conservation value. We consider whether a property:

- Includes important wildlife habitat

- Buffers wildlife habitat, so that its protection from dense development would diminish adverse impacts on wildlife
- Is in a relatively natural, undisturbed condition
- Is adjacent to, or in close proximity to, already protected public land
- Is adjacent to, or in close proximity to, private land that is already permanently protected or that is likely to be protected in the near future
- Borders or affects the integrity of a significant river, stream or creek in the area
- Is of sufficient size that its conservation resources are likely to remain intact, even if adjacent properties are developed

### **Can land held by Sycamore be sold?**

Sycamore Land Trust's purpose is land preservation. It does not sell land that has been accepted for preservation. All donations are subject to the requirements placed on them by the donor. A donor can give Sycamore appreciated assets, including land not suitable for preservation, or a home, and receive a charitable tax deduction in return. With the donor's consent this land can then be sold by Sycamore and the proceeds used to support Sycamore's mission.

### **How will Sycamore spend my donation dollars?**

Donors can be sure their donation dollars are well spent. Donors can choose whether to commit their funds for the acquisition of land, or to support operations, land stewardship or environmental education efforts. For unrestricted donations, Sycamore decides how best to allocate the funds to advance their mission.

### **How can I help Sycamore besides giving money or donating land?**

There are many ways to support Sycamore. You can be a volunteer to take care of protected land or in other ways; tell your friends to become Sycamore members; be an ambassador for land preservation and environmental education; remove non-native invasive plants and use native plants in your yard and on your property; include Sycamore in your estate plans.

### **Who is on Sycamore's staff, Board of Directors, and Advisory Board?**

#### Full-time Staff

Executive Director: John Lawrence  
 Development Director: Ann Connors  
 Land Stewardship Manager: Chris Fox  
 Environmental Education Director: Shane Gibson  
 Administration Director: Susan Haislip Daleke  
 Communications Director: Abby Henkel  
 Land Preservation Director: Rob McCrea

## Board of Directors

Sarah Baumgart  
Brian Besser  
Bob Costello  
Tim Dunfee  
Jim Eagleman

Elaine Caldwell Emmi  
Andrea Lutz  
Bill McCoy  
Jenny Stephens  
Judy Stewart

Maria Viterisi  
John Whikehart  
Lindsay Wood

## Advisory Board

Mark Adams  
Mike Baker  
Bill Bussing  
Doug Dayhoff  
Jim DeCoursey  
Steve Ferguson  
Burney Fischer  
Baron Hill  
John Hurlow

Rick Johnson  
George Korinek  
Jim Madison  
Terry Marbach  
Vicky Meretsky  
Greg Meyer  
Jim Murphy  
Ted Najam, Jr.  
Del Newkirk

Karen Pitkin  
Patti Pizzo  
Ron Remak  
Scott Russell Sanders  
Randy Shepard  
Betsy Smith  
Tom Tarzian  
Todd Young

## Land and Conservation Easement Donations

### **How can I protect my land through Sycamore?**

You can protect your land either by selling or donating it to Sycamore to own and manage as a permanent nature preserve. Or you can give Sycamore a conservation easement to hold on your land. Conservation easements are permanent restrictions on the use of a property, and are explained in detail below.

### **How does someone donate land to Sycamore?**

It is important to discuss your intentions with Sycamore beforehand, to be sure we understand and can carry out your intentions.

Outright Contribution: This is the simplest method of land preservation, and has the greatest potential tax benefit for the donor. Sycamore becomes the full owner of the property and is responsible for its care and protection. This makes protection easier for the land trust compared to a conservation easement, as the land is under the full ownership and control of Sycamore.

Contribution in a Will: This type of outright donation allows you to enjoy owning your land and allows the land trust to protect the land when you no longer can. You do not get a tax deduction using this method, but your heirs may have reduced inheritance taxes because the property will no longer be a part of the estate.

Charitable Remainder Trust: In this mechanism, the donor agrees to give the title to the property to the land trust upon their death. The donor retains the title to the property until

that time. The advantage of this technique over a will is that you can take a tax deduction for the contribution. The deduction will be less than an outright contribution because the IRS deducts the value you receive from owning the property for the rest of your life. This is determined through statistical tables that depend on your age.

Life Estate: A landowner can donate their land and home now, but retain the right to live on the property and enjoy its benefits until the time of the donor's choosing, which is usually the donor's death. The donor receives a charitable tax deduction at the time the life estate on the property is established.

### **What are the tax benefits of donation of land or conservation easement?**

*(Information below is for general purposes, not tax advice)*

#### Income tax benefits:

Donations of land are noncash charitable gifts for federal income tax purposes. The value of the gift, which is determined by a qualified appraiser, can be deducted at an amount up to 30% of the donor's adjusted gross income (AGI) in the year of the gift. If the gift value exceeds 30% of the donor's AGI, the excess can be carried forward and deducted (subject to the 30% limit) in each of the five succeeding tax years.

Qualified conservation easement donations may also be treated as noncash charitable gifts for federal income tax purposes. The value is determined by a qualified appraiser, who looks at the effect the easement has on the land's value. The reduction in the land's value by the easement's restrictions, if any, is the amount of the gift.

Please be advised the tax benefits for land and conservation easement donations are subject to change by Congress.

#### Estate tax benefits:

An outright land donation will reduce estate taxes by removing the property from the donor's estate. A conservation easement may reduce the value of an estate for tax purposes, thus lowering and sometimes eliminating the tax.

#### Property tax benefits:

When land is donated outright, the land trust assumes responsibility from the donor for future property tax payments, as the land trust is the new landowner. Indiana code directs county assessors to consider conservation easement restrictions when assessing a parcel's value for property tax purposes. The effect, if any, which this will have on a parcel's tax assessment depends on the easement's terms and the current use for which a parcel is assessed. For example, a parcel assessed as residential land with an easement preventing future development may have its assessment reduced. However, a parcel assessed as agricultural land may not see any reduction from an easement restricting development, as the current assessed use is unaffected by the easement.

## **What is the process to donate land or a conservation easement to Sycamore?**

Each land protection project is unique. However, we generally follow these steps:

Step 1: First contact. The landowner or his/her representative contacts Sycamore and speaks with a Sycamore representative. The landowner and Sycamore then discuss how the donation process works and whether giving land or a conservation easement might be appropriate for the landowner and Sycamore.

Step 2: Second contact. The landowner or representative reviews the material, consults with family and/or advisors, and indicates further interest. Sycamore arranges an initial site visit to view the property. On site, Sycamore photographs the property, analyzes the property's features and natural resources, and consults with the owner on his/her long-term objectives. Following this visit, the landowner usually has further discussions with family and/or advisors, and contacts Sycamore if he or she wishes to proceed further.

Step 3: Board approval. If Sycamore is interested in acquiring the property, Sycamore's Acquisition Committee considers the details of the project including background information, maps, the conservation values to be preserved, and land stewardship plans for the property. The committee then makes a recommendation regarding the proposed donation to Sycamore's Board of Directors. The Board considers the potential fit with Sycamore's policies, strategic plan and long-term goals, and decides whether or not to continue pursuing the donation.

Step 4: Preliminary agreement. Sycamore informs the landowner of the Board's decision to proceed, and the landowner and Sycamore reach a preliminary agreement regarding the donation. For conservation easements, the landowner and Sycamore discuss and draft the specific restrictions, taking into account the landowner's desires and the conservation values to be protected.

Step 5: Baseline property documentation. Sycamore visits the property again as needed and completes a full baseline report that documents the property's conservation values. This report is required by the IRS for easements that will result in a tax deduction, but Sycamore completes a baseline for all easements and outright land donations to be sure they are thoroughly documented. The report includes:

- Aerial and topographic maps showing the outline of the property
- Any available survey plats of the property
- Photographs of the property keyed to the maps
- Evaluation of natural, scenic, and agricultural features
- Management issues or potential problem areas

Sycamore orders a title history search to look for possible items of concern, such as outstanding liens or oil and gas leases.

Step 6: Appraisal. If the landowner intends to take a qualified tax deduction for the non-cash charitable gift of the land or easement, he or she engages an appraiser to determine the value of the gift. Selection of the appraiser is the landowner's decision and Sycamore is not involved in this process, by IRS rules. However, Sycamore reviews the appraisal to make sure it is reasonable and to determine the amount of the title insurance policy. For easements, the value depends on the final terms of the easement.

Step 7: Donation and recording of transfer. When the final terms of the gift have been drafted and approved by the donor and Sycamore, and the appraisal has been deemed reasonable, the landowner signs the deed or easement agreement at a prearranged closing with Sycamore. Sycamore then records the property deed or easement in the offices of the auditor and recorder of the county in which the property is located. Sycamore also acquires a title insurance policy.

Step 8: Completion of Sycamore file. Sycamore completes the file for the project by compiling the standard documentation for the property or easement. The file includes:

- A copy of the final deed
- Baseline information as detailed above
- Correspondence, memoranda, draft agreements, and other documents related to the property
- Title insurance
- Appraisal reports
- A management plan for owned properties; monitoring directions and information for conservation easements

Step 9: Ongoing monitoring. Sycamore regularly inspects the properties it owns, usually several times a year, and works with volunteers on special projects such as marking boundaries, habitat improvement, and roadside trash clean-up. Reports are made for each visit or activity and kept on file for future reference.

Sycamore visits each conservation easement at least annually and creates reports with photographs for Sycamore's files. The landowner is contacted before each visit and is welcome (but not required) to accompany the Sycamore representative.

*Note: The landowner can change his/her mind about the donation at any time until the actual date the deed is signed and delivered to Sycamore. While the steps outlined above describe the typical procedure, there are situations where the order of these steps may be changed.*

### **How much does it cost to donate land or a conservation easement?**

You must pay a qualified appraiser to establish the tax value of your gift. You might need to have your property surveyed if you do not have a current survey, or if a conservation easement will cover only a portion of your land. While an attorney is not required, we

recommend using one. These costs are usually tax-deductible. Sycamore also recommends you consult a tax professional if you intend to take an income tax deduction for your gift.

Sycamore requests a land stewardship gift, which is also tax deductible, to ensure that we have the resources to monitor and defend the land or easement in perpetuity. Overall, total costs are generally a small fraction of the tax deduction, which can be in the tens or even hundreds of thousands of dollars.

## Land Purchases and Bargain Sales

### **Does Sycamore ever purchase land?**

Yes, Sycamore purchases land for preservation. However, there is an abundance of land for sale across southern Indiana at any given time, and it is relatively expensive. Accordingly, land purchases must be reserved for the most exceptional properties, such as natural areas of statewide significance or critical additions to existing preserves. Usually purchases depend on the availability of funding partners such as the Department of Natural Resources or private foundations.

### **What is a bargain sale?**

When land is sold to Sycamore for less than its appraised fair market value, it is called a bargain sale. A bargain sale is essentially a partial donation, and the value that is donated may be a noncash charitable gift for income tax purposes. For example, a parcel is appraised at \$100,000 but the landowner sells it to Sycamore for only \$40,000. The other \$60,000 of land value is the amount of the bargain sale gift.

It is more likely for Sycamore to complete a bargain sale than a full-value purchase. Not only is the purchase cost reduced, but also the bargain sale gift amount is generally considered to be a matching contribution by funding partners. Partners are much more likely to assist with a project when their contributions are matched, and when there are additional contributors. A bargain sale can be a way for landowners to receive income from their land and a possible tax benefit, while ensuring their land will be preserved.

### **What is the process to sell land or make a bargain sale to Sycamore?**

Working with Sycamore on a land sale follows the same general steps outlined above for a donation, usually with the addition of Sycamore working with partners to fund the purchase price and associated costs before the sale can be completed. A professional appraisal will still be required, to show that Sycamore is not paying more than fair market value. In the case of a bargain sale, the appraisal will also be needed for the seller's tax purposes.

# Conservation Easement Details

## **What is a conservation easement?**

A conservation easement is a legal agreement between a landowner and a land trust or government agency that permanently limits uses of the land to protect its conservation values. It allows you to continue to own and use your land and to sell it or pass it on to heirs. When you donate a conservation easement to a land trust, you give up some of the rights associated with the land. For example, you might give up the right to build additional structures, while retaining the right to grow crops. Future owners also will be bound by the easement's terms. The land trust is responsible for making sure the easement's terms are followed. A landowner sometimes sells a conservation easement to a land trust, but usually easements are donated. If the donation benefits the public by permanently protecting important conservation resources and meets other federal tax code requirements, it can qualify as a tax-deductible charitable donation.

## **What kind of land can be protected by conservation easements?**

IRS regulations require that the easement protect "significant" conservation values to be qualified as a charitable gift for tax purposes. These include forests, wetlands, endangered species habitat, beaches, scenic areas, and more. Sycamore also has its own criteria for accepting easements. At the invitation of the landowner, Sycamore evaluates the property to determine whether it meets these criteria.

## **What activities are allowed on land protected by an easement?**

The activities allowed depend on the landowner's wishes and the characteristics of the property. A landowner and Sycamore, working together, will write a conservation easement that reflects both the landowner's desires and the protection needed for the land's conservation values. In some instances, no further development is allowed on the land. In other circumstances some additional development is allowed, but the amount and type of development is less than it would otherwise. Sustainable timber harvest may be permissible, if the landowner desires and it will not harm the conservation values being protected. On agricultural property, farming and ranching activities may continue. Every easement is unique, tailored to a particular landowner's goals for his/her land. Sycamore writes conservation easements by consulting with each landowner several times and redrafting the document until all parties are satisfied.

## **Does the easement have to cover all of the landowner's property?**

No, some easements only cover a portion of the landowner's property. Again, it depends on the landowner's wishes and the values being protected. For example, if someone owns 100 acres of which 35 acres are wetlands, the landowner and the land trust may decide to restrict uses on only the 35 acres of wetlands. The remaining 65 acres would not be covered or affected by the easement.

### **How long does a conservation easement last?**

Conservation easements are written to last forever and are part of the deed; they "run with the land" and bind the original donor and all subsequent landowners to the easement's restrictions. Only perpetual easements may qualify for federal income tax benefits. Each easement is recorded at the appropriate county recorder's office so that all future owners and mortgage holders will learn about the easement when they obtain title reports.

### **Can the landowner still sell or give the property away?**

The landowner continues to own the property after executing an easement. Therefore, the owner can sell, give, or lease the property, as before. All future owners assume ownership of the property subject to the conditions of the easement. A landowner may even choose to donate a property under easement to the land trust.

### **Who manages easement-protected land?**

The landowner retains full rights to control and manage his/her property within the limits of the easement. The landowner also continues to bear all costs and liabilities related to ownership and maintenance of the property. Sycamore monitors the property to ensure compliance with the easement's terms, but it has no other management responsibilities and exercises no direct control over other activities on the land.

### **What are a land trust's responsibilities regarding conservation easements?**

The land trust is responsible for defending the easement and its terms forever. The land trust visits the property, generally once a year, to assure that the easement is being followed. It keeps reports and photographs from these visits and takes the necessary steps to uphold the terms of the easement, including legal action if needed. The land trust also maintains good communication with the current and future landowners.

Because of these obligations, Sycamore asks all easement donors to make a financial contribution to the land trust's stewardship fund. This ensures the long-term monitoring and defense of every easement Sycamore receives. Land donors are likewise asked to make a stewardship contribution, to provide for the future monitoring and management of properties Sycamore owns outright.

### **Does the public have a right of access to easement-protected property?**

The public does not have access to property protected by an easement unless the original landowner who grants the easement specifically allows it. Most easement donors do not allow public access to their properties.

### **May I see an example of a conservation easement?**

Yes, Sycamore has drafted a model conservation easement based on recommendations from the national Land Trust Alliance. Remember that this is just a model, and each final

easement is tailored to the individual property's conservation values and the owner's wishes. A copy of the model is available on request.

### **What are the advantages of an outright donation over a conservation easement, or vice-versa?**

An outright donation is the safest and most sound way to ensure the permanent protection of your property. The land trust then owns the land in fee simple and is responsible for its maintenance. With an outright donation, no one may challenge the protection of the property.

In the case of conservation easements, the land trust only owns some of the rights on the property, such as the development rights. The donor keeps the title to the property and may even sell or pass it on in a will. The new owner takes the property with the restrictions intact. While conservation easements do "run with the land" and are permanent, they have been challenged in other parts of the country, though Sycamore has never encountered this situation. Most, but not all, of these challenges have been unsuccessful. Sycamore takes the necessary actions to ensure that conservation easements are enforced, including taking legal action if necessary.

Also, there is a difference in the potential tax benefits between these options. In the case of an outright donation, the donor gets to deduct the full appraised value of the property. With a conservation easement, the donor may deduct only the value of the particular rights conveyed, which are less than the value of the whole property. Tax implications are discussed in more detail above.

#### Outright Donation

Advantages: greatest land protection, biggest potential tax advantage, and the land trust is responsible for all aspects of property ownership.

Disadvantages: landowner relinquishes title to the property.

#### Conservation Easement

Advantages: landowner keeps title to property, and may sell or pass it on via a will.

Disadvantages: smaller potential tax benefit than outright donation, not as completely protected, landowner still responsible for land management.

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