



The Sangamon Conservancy Trust

Trust Matters

Winter 2014

Board of Trustees

- John Hawkins, Chair
- Carol Herndon, Vice Chair
- Walter Lynn, Sec/Treas
- Diana Beaty
- Paul Briney
- Steve Frank
- Eldon Greenwood
- Randall Leka
- Ted Megginson
- Barb Mendenhall
- Tim Seifert

Executive Manager

Shelly Seman

Inside this issue:

SCT Joins Terrafirm	1
Trustee Steve Frank's Commitment to SCT	2
SCT Membership Meet the Trustees	2
Conservation Easement Questions & Answers	3
Conservation Easement Questions & Answers	4
New Trustees Join SCT	5
The Latest on the Enhanced Conservation Easement Incentive	6

Small Community Land Trusts Unite to Defend Expensive Frivolous Lawsuits Terra Firma Risk Retention Group, LLC Created

The Sangamon Conservancy Trust has joined a one-of-a-kind liability insurance company, Terra Firma Risk Retention Group, LLC (Terra Firma) to defend over 20,000 properties conserved by small community land trusts across the country from expensive, frivolous lawsuits.

More than 420 other land trusts across the country have joined with the Land Trust Alliance (Alliance) to create Terra Firma to protect more than 6 million acres of conserved land, 75 percent of the over 8 million acres conserved by land trusts that cannot afford to self-insure themselves individually, according to the 2010 National Land Trust Census.

If land trusts do not have sufficient resources to monitor or defend their conservation easements, the Internal Revenue Service could revoke their tax status or ability to accept further donations.

Nearly 60 percent of land trusts are staffed by one person or all volunteer operations. Each year, an estimated 2 million acres of America's farms, ranches, forests, wildlife habitat and other open spaces are fragmented into smaller parcels or lost to development, according to the President's Annual Economic Report to Congress in March, 2013.

"As land values rise, land trusts will face increasing litigation from deep pocketed opponents who are willing and able to bleed them dry to develop conserved land. Terra Firma enables land trusts to pool their resources to defend their conserved lands" according to Rand Wentworth, President of the Land Trust Alliance.

The Sangamon Conservancy Trust is pleased that the Alliance was successful in creating Terra Firma. *"It sure eases the burden on a small land trust like ours to know we will have the resources available through Terra Firma to defend our conservation easements"*, stated John Hawkins, Chairman of The Sangamon Conservancy Trust.

"As land values rise, land trusts will face increasing litigation from deep pocketed opponents who are willing and able to bleed them dry to develop conserved land. Terra Firma enables land trusts to pool their resources to defend their conserved lands . . ."

*Rand Wentworth, President
Land Trust Alliance*

Preservation of Prime Farmlands and Premium Hunting Areas Are Crucial to Feeding the World



My name is Steve Frank. I am fortunate to be able to serve as a Trustee of The Sangamon Conservancy Trust. I have been with this not-for-profit land protection organization for over eight years. My background of managing government-owned land for over 26 years, in addition to farming with my father on my family's livestock and grain farm for over 25 years, has given me a tremendous perspective of what measures are needed to protect the family farm and natural areas from urban development.

The Sangamon Conservancy Trust is one of a few land trust organizations available to landowners which can give them the opportunity to permanently protect their family farms and natural areas from future development by enrolling their land in a permanent agricultural conservation easement.

I have a great love for agriculture and hunting. Protecting prime farmlands and premium hunting areas is vital for the production of food for millions of people.

We must educate and promote compact and contiguous growth to all of our Illinois cities and towns in order to avoid a leap frog development that is gobbling up Illinois prime farmland and natural areas at an alarming rate.

Conservation easements are a great option for landowners to be able to permanently protect their land. I am thankful to be a part of an organization that enables such permanent protection for everyone who owns land in Illinois.



**The Sangamon
Conservancy Trust**

*Join The Sangamon Conservancy Trust
Become a Partner in Conservation and Farmland Preservation*

We encourage you to become a partner in our efforts to preserve farmland and conserve the natural resources of Illinois. The enclosed pre-printed envelope provides membership opportunities for you.

The Sangamon Conservancy Trust is a charitable trust established under Section 501(c)(3) of the Internal Revenue Code. Membership dues to this organization are tax deductible to the extent allowed by law.



Back row: Ted Megginson, Steve Frank, Carol Herndon, John Hawkins, Walter Lynn, Randy Leka, Tim Seifert
Front row: Shelly Seman, Diana Beaty, Barb Mendenhall, Eldon Greenwood, Paul Briney



2623 Sunrise Drive—Suite 1
Phone: (217) 241-6635 ext. 3

Springfield, IL 62703-7302
Fax: (217) 241-6638

Frequently Asked Questions Land Preservation through Donation of a Conservation Easement

What is a conservation easement? - A conservation easement is a voluntary agreement between a landowner and a IRS approved Section 501(c)(3) not-for-profit organization such as **The Sangamon Conservancy Trust**, that limits the property's uses permanently in order to protect certain resources. Agricultural conservation easements are specifically designed to keep land available for farming or ranching, but often limit non-agricultural commercial development of lands designated for agricultural use. Each conservation easement is unique, is subject to conditions agreed to by all parties involved and involves a permanent restriction on the use of the land.

Why donate a conservation easement of your land? - By donating a conservation easement, landowners have an opportunity to protect the resources (i.e. farmland) they value for their children and future generations, while still maintaining private ownership. With the easement, they can ensure that the property will remain intact after they have passed on and that their family can inherit the land and the same values that previous generations have experienced for many years.

What does the landowner receive in exchange for donation of a conservation easement? - The landowner retains legal title to the property and determines what type of land uses will be allowed on the property and what land uses they would like to restrict. Donation of a conservation easement may qualify as a charitable contribution with possible reduction in income, estate, gift and property taxes.

What property rights does a landowner relinquish by granting a conservation easement? - Development rights are required to be restricted. The development of property for commercial or residential subdivision uses are prohibited on a conservation easement, as well as limiting the use of the land for timber cutting or construction of a landfill. Surface mining, construction of billboards, confinement animal feeding operations, wind turbines are also examples of prohibited uses on a conservation easement.

Why does a donated conservation easement have to be permanent? In order to qualify for IRS tax benefits it must: (1) be perpetual, (2) be held by a qualified conservation organization and (3) serve a valid "conservation purpose", which includes (a) the preservation of open space (including farmland or forest land or (b) the preservation of land areas for outdoor recreation by, or education of, the general public; or (c) the protection of a relatively natural habitat of fish, wildlife, plants or similar ecosystem; or (d) the preservation of a historically important land area or certified historic structure. Also, the value of the conservation easement must be determined by a "qualified appraisal".

Will the public have access to the property if a landowner donates a conservation easement of their land? - No. Landowners retain control of the public's access to their property. The only requirement to permit public access is if the primary purpose of the easement is for recreational or educational use, as defined when the donation of the easement was approved as a deductible charitable gift by the IRS.

Can a conservation easement be sold by its owner? - Yes, a conservation easement can be sold, bought and inherited. Keep in mind, however, that the easement will always be tied to the property, no matter who owns it. The easement will always be subject to its terms and restrictions.

Can property with a mortgage be donated as a conservation easement? - Yes. However, the landowner must secure a mortgage subordination agreement from the mortgage holder before a conservation easement can be donated. This document states that the mortgage holder agrees to follow the terms of the conservation easement in the event of foreclosure on this property.

How does a conservation easement on land affect mineral, oil and gas development rights? - If a landowner controls the mineral rights and retains the oil and gas development rights, he or she will still be eligible for an IRS charitable tax deduction, as long as the owner ensures that “the drilling will have no more than a temporary, localized impact that will not interfere with the overall conservation purpose of the donation”. The IRS also permits slant drilling on an adjacent parcel, but targets minerals under the conservation easement.

Is land in a conservation easement subject to eminent domain? - Yes. Land with a conservation easement could, however, provide value to a challenge of land to be taken for economic development, confirming that public benefits were associated with the long-term protection agreement. In the event of removal of all or a portion of the easement by eminent domain, the organization holding the easement would receive a portion of any settlement received through the eminent domain process.

What are the costs to the landowner associated with granting a conservation easement? - Appraisals of the easement land are the responsibility of the landowner—one before the easement is in place and one with the easement in place. The difference in value between the two appraisals is the amount of your charitable deduction. Fees for an attorney and/or certified public accountant to prepare and record any documents necessary to complete this land donation would be the responsibility of the donor. The Sangamon Conservation Trust also requests a conservation protection fee for accepting this easement, to offset costs incurred for annual monitoring of the easement. The Trust’s current fee is based on the value of the conservation easement being donated, with a \$2,500.

Can a conservation easement be donated through a will? - Yes. It is best to contact the organization who will be holding the easement before conveying the easement through a will to ensure its acceptance of the donation. If the easement qualifies under federal tax law, the value of the easement is subtracted from the landowner’s taxable estate.

Can a conservation easement be donated after death? - Yes. The executor or heirs of an estate can donate a qualified easement after death, within a designated period of time, even if the landowner’s will does not specifically donate the easement. Granting the power to the executor or heirs to make this type of donation should be made clear in the landowner’s will.

Must all property owners agree to the terms of the conservation easement? Yes. All owners on the title of the property must agree to the terms of the easement before it can be legally granted.

How will a conservation easement affect the landowner’s children? - Family members and any future landowners will be bound by the terms of the conservation easement agreement and will continue working with the organization holding the easement. A conservation easement may reduce estate taxes paid by heirs. The trade-off between immediate tax benefits from reduced property value and permanent restrictions on the land use should be considered by families before entering into such an agreement.

While The Sangamon Conservancy Trust has provided brief answers to a few questions you may have about conservation easements, we suggest that you seek additional information and guidance from qualified professionals. For further information or assistance, feel free to contact The Sangamon Conservancy Trust (217) 241-6635 ext. 3.

Welcome New Trustees To The Sangamon Conservancy Trust

Diana Beaty



Ted Megginson



Barb Mendenhall



Tim Seifert



Diana Beaty—My husband Larry and I grow corn and soybeans in the Rochester area. I have farmed in this area since 1977. We are mostly minimum till on all our farms, except for a few acres of highly erodible land that we no-till. I have served on the Sangamon County Soil and Water Conservation District Board since 2005 and currently serve as its Secretary/Treasurer. I worked for 27 years at the Sangamon County Farm Bureau as membership secretary, resigning that position in 2004 to stay home and help my husband as a full-time farmer. He currently serves as President of the Sangamon County Farm Bureau and I am Chair of the Member and P.R. Committee. Farming has been my life since childhood, being raised on a farm in eastern Sangamon County, where my parents farmed, owned a trucking business and a fertilizer/chemical business. I look forward to serving as a Trustee with this organization and am eager to learn and be involved.

Ted Megginson—I have lived in the Auburn area my entire life, graduating from the University of Illinois with a degree in Agriculture Economics in 1971. My wife Debbie and I have four grown children and ten grandchildren. For 12 years I served on the Auburn school board and the Lincoln Land Community College Foundation Board. I have been a long-time Trustee of the Auburn United Methodist Church and currently serve as a Director on the United Community Bank Board and the United Community Bancorp, Inc. I continue to serve as a member of the Lake Springfield Watershed Resource Planning Committee and have since its inception in 1989. My son John and I enjoy farming in southwestern Sangamon County. Farmland preservation is very important to me and I look forward to serving as a Trustee with this group who also feel the same way.

Barb Mendenhall—For the past 49 years I have lived on a farm east of Rochester with my husband Allen. We have two grown children and three grandchildren. I grew up a “city slicker” from Springfield, but soon became a full-time farmhand. For 44 years our farming operation was spread across Sangamon County from Rochester, to the west side of Springfield near White Oaks Mall and northwest near Salisbury. I have experienced first hand the transformation of hundreds of acres of prime farmland into residential and commercial developments on Springfield’s west side, along with the challenges of farming diverse land across the county. Our farm operation is primarily no-till, with some minimum till. For nine years, I served as a Director of the Sangamon County Soil and Water Conservation District, followed by 15 years as its Executive Director. I now look forward to serving as a Trustee with this organization to provide landowners the opportunity to preserve and conserve their farmland.

Tim Seifert—I have been farming in the Auburn area for the past 34 years. My wife Roxy and I have two children, Jorden and Wes. I was a Director for the Illinois Soybean Association for nine years, served on the Auburn School Board and the Regional School Board of Directors, as Auburn Township Trustee, and Sangamon County SWCD Director and Associate Director, member of the Lake Springfield Watershed Resource Planning Committee since 1989 and was chosen as one of Prairie Farmer’s Master Farmers in 2012. I have been involved with multiple best management practices research projects from rainfall runoff, nitrate studies and recently with cover crops. I believe that as input costs increase, my farming decisions must be economically viable, conservation-minded and environmentally safe. I have been strip-tilling since 1981 and no-till on all highly erodible land. Farmland preservation, with conservation as a high priority, is extremely important to me.

The Sangamon Conservancy Trust
2623 Sunrise Drive—Suite 1
Springfield, IL 62703-7302

Return Service Requested

PRESORTED
NONPROFIT ORG.
U.S. POSTAGE
PAID
SPRINGFIELD, IL
PERMIT NO. 275

Phone: 217-241-6635 ext. 3
Fax: 217-241-6638
E-mail: michelle.seman@il.nacdnet.net

We're on the Web!
www.sangamonconservancytrust.org

Our Mission
“To foster exceptional conservation activities for the benefit of all persons”

Member of
Land Trust Alliance
www.lta.org

Enhanced Conservation Easement Incentive Expires FY 2015 Proposed Budget Makes Enhanced Incentive Permanent

On December 31, 2013, the enhanced conservation easement incentive expired. This incentive allowed qualifying farmers and ranchers to deduct up to 100% of their adjusted gross income for donating their land in a conservation easement. For those who don't qualify as farmers, this deduction was set at 50%. In addition, the donor could take these deductions over a period of 16 years, instead of 6 years.

Efforts to make this enhanced conservation easement incentive permanent continue. In fact, the Land Trust Alliance reports that President Obama's proposed budget for fiscal year 2015 includes provisions for making this incentive permanent. It has also been included in the tax reform package prepared by the House Ways and Means Committee, led by Chairman Dave Camp.

A conservation easement can still be donated under the current IRS rules and receive many of the federal tax benefits. However, by making this enhanced incentive permanent, farmers and ranchers will have the best opportunity to preserve their farmland for their family's future generations.

The Sangamon Conservancy Trust encourages you to contact your federal Senators and Representatives requesting their support to make the enhanced conservation easement incentive permanent. Farmers work long and hard to acquire and maintain their land for farming. They deserve the chance to keep their farming operation viable for those who follow in their footsteps. Today's American farmer feeds about 155 people worldwide. In 1960, that number was 25.8—an important reason to preserve our farmland.