

Why Give Land To the Mohonk Preserve?

Much remains to be done to safeguard the beauty and unspoiled character of the Preserve from encroachment. As the character of the surrounding area changes from rural agricultural to suburban residential, steps must be taken to protect the integrity of the open and undeveloped character of the Shawangunks. Thus, today-more than ever before-the long-term protection of this remarkable area depends upon farsighted action. You-a private landowner near the Shawangunk Mountains-can play a pivotal role in this regard.

The Mohonk Preserve believes that by working together private landowners in the immediate area of the Northern Shawangunks can preserve their lands (or portions thereof) in perpetuity thereby giving important protection to the Preserve and the range as a whole. Making a gift of land or a conservation easement to the Mohonk Preserve benefits a donor in several ways. Perhaps most gratifying is the knowledge that your land will be preserved forever in its natural state. In addition, as described in this brochure, substantial tax and other financial benefits may result.

Of course, not every property is appropriate for preservation as a natural area. The Mohonk Preserve accepts into its care only land judged to be of overall value to the preservation of the Shawangunk Mountains. However, whether ten acres or a thousand acres, each property receives a careful evaluation.

Tax Benefits of Donating Land & Conservation Easements

The Internal Revenue Code encourages donation of land and conservation easements to publicly supported non-profit organizations such as the Mohonk Preserve. Individuals may deduct the full fair market value of their gifts on their Federal income tax returns, subject to the limitations explained below. In addition, New York State allows a similar deduction for state income tax purposes. Some of the more popular approaches to giving land are described below.

1. Outright Donation of Land

Assuming you have held a parcel of land for at least six months, a donation of such land produces a deduction in the amount of its full fair market value, up to 30% of your adjusted gross income for the year of the donation. In addition, you may carry over the balance of the deduction for up to five succeeding years, subject to the same 30%-of-income limitation in each of those years.

2. Life Estate

You may wish to donate property to insure that it will be preserved in its natural state, but you may desire to retain possession and use of the property for your life and/or the lifetimes of other men immediate family, i.e., a "life estate." The type of contribution which may meet such needs is called a "remainder interest." If you transfer a remainder interest in residence or farm to the Mohonk Preserve, you retain the right to use the property during your lifetime and the Preserve would acquire outright ownership at your death. For income tax purposes, the deduction upon such a contribution is decreased by the value of the life estate, as determined by actuarial tables published by the Internal Revenue Service.

3. Gift of Conservation Easement

You may wish to retain ownership of your property, yet be assured that the land will remain in its natural condition. You can accomplish these goals by donating a conservation easement to the Mohonk Preserve. This allows you to use your land for purposes compatible with preservation, while prohibiting development and other potentially destructive uses. The value of a charitable contribution through a gift of a conservation easement is based on the value of the "development rights" being given away-which, in many cases, constitutes a substantial percentage of the fair market value of the land.

4. Gifts of Land by Will

The Mohonk Preserve is able to receive property by will. Those who choose to devise land to the Preserve may do so for several reasons: to insure that the land is cared for so as to preserve its natural features and bring enjoyment to future generations; to provide a lasting memorial; to reduce estate and inheritance taxes while keeping the land in their ownership for life.

Please contact the Preserve before you include a gift of land in your will. We can advise you, in confidence, about the language that should be used to insure that your wishes are followed and that you will achieve the tax results desired.

An example:

Assume that Mr. Jones owns twenty acres of land in the Shawangunk Mountains that is within the area the Mohonk Preserve seeks to protect, and he does not want it developed. Assume further that he bought the land several years ago for \$30,000 and the land is now worth \$200,000. If Mr. Jones donates his land to the Mohonk Preserve, the tax consequences are as follows:

- a.** For the year of the gift, Mr. Jones is entitled to a charitable deduction equal to the fair market value of the land (\$200,000) up to 30% of his adjusted gross income. If the \$200,000 charitable deduction exceeds 30% of his adjusted gross income for the year in which he donates the land, he is entitled to carry over any excess to his next five taxable years, until the deduction is entirely used.
- b.** Mr. Jones would avoid any tax on the \$170,000 of capital gain that he would have incurred had he sold the land. Mr. Jones also avoids any costs associated with selling the land (i.e. broker's commissions and other selling costs).
- c.** Mr. Jones also has the benefit of knowing that his land is protected in perpetuity by the Mohonk Preserve.

What To Do

The preceding material is meant only as the barest outline of the tax and other financial advantages of giving land or conservation easements to the Mohonk Preserve. Since individual financial situations vary, you should confer with your attorney or tax adviser before giving land to the Preserve.

The Mohonk Preserve, of course, depends upon you - an individual landowner in the Shawangunk Mountains - to help preserve the Shawangunks in perpetuity. Please feel free to call the Mohonk Preserve if you would like additional information about any of the approaches discussed above. We would be pleased to meet with you or your adviser if we can be of assistance.

For more information on gifting land to the Mohonk Preserve please contact us at 845-255-0919 or landpro@mohonkpreserve.org