

Landowners United Advocacy Foundation, Inc.

15465 County Lane 1 Olney Springs, CO 81062

Ph: 719-263-5449 email: landownersunited@gmail.com

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Land Owners and Tax Credit Buyers, whose tax credits were disallowed – THIS IS EXTREMELY IMPORTANT!:

Enclosed a summary of Senate Bill SB-135, resulting from the admirable efforts of the late Representative Kimmi Lewis, and Senator Jerry Sonneberg and the Working Group mandated in last year's HB 19-1264:

* HB1264 Work Group Members *

Erik Glenn Exec Dir, Colorado Cattleman's Agriculture Land Trust	Alan Gentz Land Owner (Sterling, CO) Disallowed C/E
Jay Fetcher Land Owner (Steamboat Springs, CO) C/E Donor	Don Brown, CO Ag Commissioner 2015 – 2018 Land Owner (Yuma, CO) Disallowed C/E
Jessica Jay C/E Attorney (Denver, CO)	Jillane Hixson Land Owner (Lamar, CO), Disallowed C/E
Melissa Duruna Exec Dir, Keep it Colorado (prev Colorado Coalition of Land Trust)	Belinda Groner Land Owner advocate, S/E Colorado

As with any legislation, it's going to require lobbying and education of the Legislators. We are very optimistic, particularly that SB-135 has bi-partisan sponsors, the support of the Land Trust community and Tax Credit Brokers. *However, we anticipate opposition from DOR and some appraisers.* If SB-135 is enacted, tax payers will eligible to recover the conservation easement tax credits, DOR denied (2000 -2013); approximately \$147M, in total.

Meanwhile, the pending LUAF lawsuit is contributing leverage, favorable to the bill. LUAF attorney Blair Dunn, Esq. submitted oral arguments the November 20, 2019 before the 10th Circuit Court of Appeals, and has offered to help lobby our Colorado legislators, in support of SB-135. The first hearing is **February 13, 1:30pm, - Senate Ag Committee, at the State Capitol – Room # 357, 200 E. Colfax Ave, Denver, CO** please attend/show support &/or testify*, if you can.

All of this requires money ...	REPARATION	PERCENTAGE	DONATION
\$30,000 - \$35,000 is needed to complete the lawsuit and the lobbying effort. Your donations are crucial. Without them, we cannot continue the recovery effort & we are <u>very close achieving a solution.</u>	\$50,000	0.5%	\$250
	\$100,000	0.5%	\$500
	\$150,000	0.5%	\$750
	\$200,000	0.5%	\$1,000
	\$250,000	0.5%	\$1,250
See table for suggested guideline for donations, 1/2% of the anticipated reparations, will accomplish our goal.			

Thank you for the support you have given LUAF in this long battle. The lawsuit and the proposed legislation is the most positive position LUAF has experienced. It is imperative that we continue this fight. **Your donations are necessary for the continuation of this battle.**

We encourage you to visit the LUAF website (luaf.net) for the complete bill and updates. There are two bills pertaining to conservation easement this session, HB20-1146 and SB20-135.

Sincerely,

J. D. Wright

SB-135
Bill Summary

SENATE SPONSORSHIP
Sen. J. Sonnenberg (R) Sen. K. Donovan (D)

HOUSE SPONSORSHIP
Rep. D. Roberts (D) Rep. J. Wilson (R)

SPECIAL NOTE OF HONOR & GRATITUDE (within SB-135)

STATE REPRESENTATIVE KIMMI LEWIS FROM HOUSE DISTRICT 64, WHO PASSED AWAY IN DECEMBER 2019, WORKED TIRELESSLY DURING HER CAREER AS A LEGISLATOR TO PROVIDE HELP TO LANDOWNERS WHO HAD CONSERVATION EASEMENT CREDITS ARBITRARILY DISALLOWED; AND RESOLUTION OF THIS HARM THROUGH THE PAYMENT OF COMPENSATION WILL END THE NEARLY TWO-DECADES-LONG CONFLICT OVER COLORADO'S CONSERVATION EASEMENT TAX CREDIT PROGRAM, RESTORE THE INTEGRITY OF THE PROGRAM, AND ALLOW THE PROGRAM TO MOVE FORWARD TO CONTINUE THE GOOD WORK OF CONSERVING COLORADO'S INCREASING LIMITED OPEN SPACE AND NATURAL RESOURCES.

Section 1

(NEW – Conservation Easements, 2021 going forward)

Modifies the method of calculating the amount of the state income tax credit that may be claimed for the donation of a conservation easement. The section also clarifies the manner in which certain business entities claim the credit.

Section 2

(CE Tax Credits disallowed, in whole or in part, years 2000 – 20013)

Requires the state to provide **compensation for certain taxpayers who were denied state income tax credits for conservation easements donated between 2000 and 2013, if the federal internal revenue service allowed a federal income tax deduction for the same donation.** The amount of the compensation is based upon the amount of the credit that could have been claimed at the time of the original donation based upon the value of the donation accepted by the internal revenue service. The amount of compensation is reduced by any amount that was allowed to be claimed against Colorado income tax or otherwise reinstated to the claimant of the compensation. Where a tax credit was transferred to another taxpayer as transferee, the bill provides a process for all parties to the transaction to submit a mutual application for compensation or, if there is objection, a process to resolve disputes about the distribution of compensation.

Section 3

(Orphaned Easements – Land Trust is defunct)

Addresses the abandonment of conservation easements, which occurs when the holder of an easement no longer fulfills its stewardship obligations with respect to the easement. The division of conservation is required to investigate potential abandoned easements, make findings regarding each easement, and report its findings to the conservation easement oversight commission (commission). The commission then, **with consultation and consent of the land owner** conducts a process to determine if the C/E is abandoned, appoints a receiver to monitor the easement. Receivership for an abandoned easement is limited to 5 years, during which time the commission reviews the easement and attempts to identify options to reform the easement, have it assigned to another holder, or extinguish the easement, **with consultation and consent of the land owner.** A stewardship account is established to provide for the cost of carrying out the stewardship obligations resulting from abandoned easements. A specified amount of money is appropriated to the stewardship account for the 2020-21 fiscal year, with a corresponding reduction in the amount of conservation easement tax credits that can be claimed for one year.