

Land Conservation

Incentives Act:

Protecting New Mexico's
natural heritage

Jonathan Hayden

Executive Director

**NEW MEXICO
LAND CONSERVANCY**

Conserving Land. Preserving Heritage.



Santuario Nuevo, Taos County

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- What is it?
- How has it performed?
- What are the challenges?
- How can it be improved?

Panelists:

Jonathan Hayden

Executive Director, New Mexico Land Conservancy

Esteban Muldavin

Director, Natural Heritage New Mexico

Cecilia Rosacker

Executive Director, Rio Grande Agricultural Land Trust

Ben Shelton

Deputy Secretary, Energy, Minerals & Natural Resources Dept.



- Protecting against land use conversion from natural environments to subdivisions, extractive industry, etc.
- Ensuring that ecological systems can survive and thrive
- Preserving New Mexico's 'Natural Heritage' for future generations—living in harmony with the land

What is 'conservation'?

“We abuse land because we see it as a commodity belonging to us. When we see land as a community to which we belong, we may begin to use it with love and respect.”

— Aldo Leopold



CONSERVATION EASEMENTS

- A legal commitment to protect land in perpetuity
- Landowner agrees to **not subdivide & develop** the land
- **Ties water to the land!**
- Essentially the purchase of development rights from conservation-minded landowners



LAND TRUSTS

- Non-profit (501c3) land conservation organizations that use conservation easements, fee acquisition, management agreements and restoration to conserve and restore land and water.
- Land Trusts hold development rights—conservation easements—‘in trust’ for the public good.
- Grassroots expression of people’s commitment to the protection of land and water for conservation purposes and public benefits.

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The Nature
Conservancy



RIO GRANDE
AGRICULTURAL
LAND TRUST





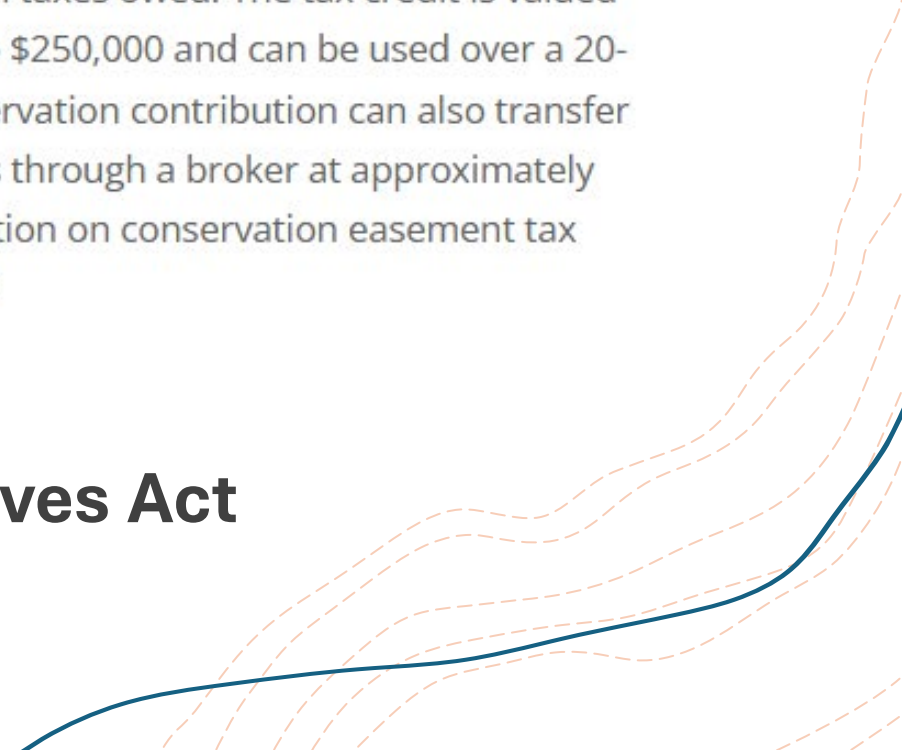
How is it funded?

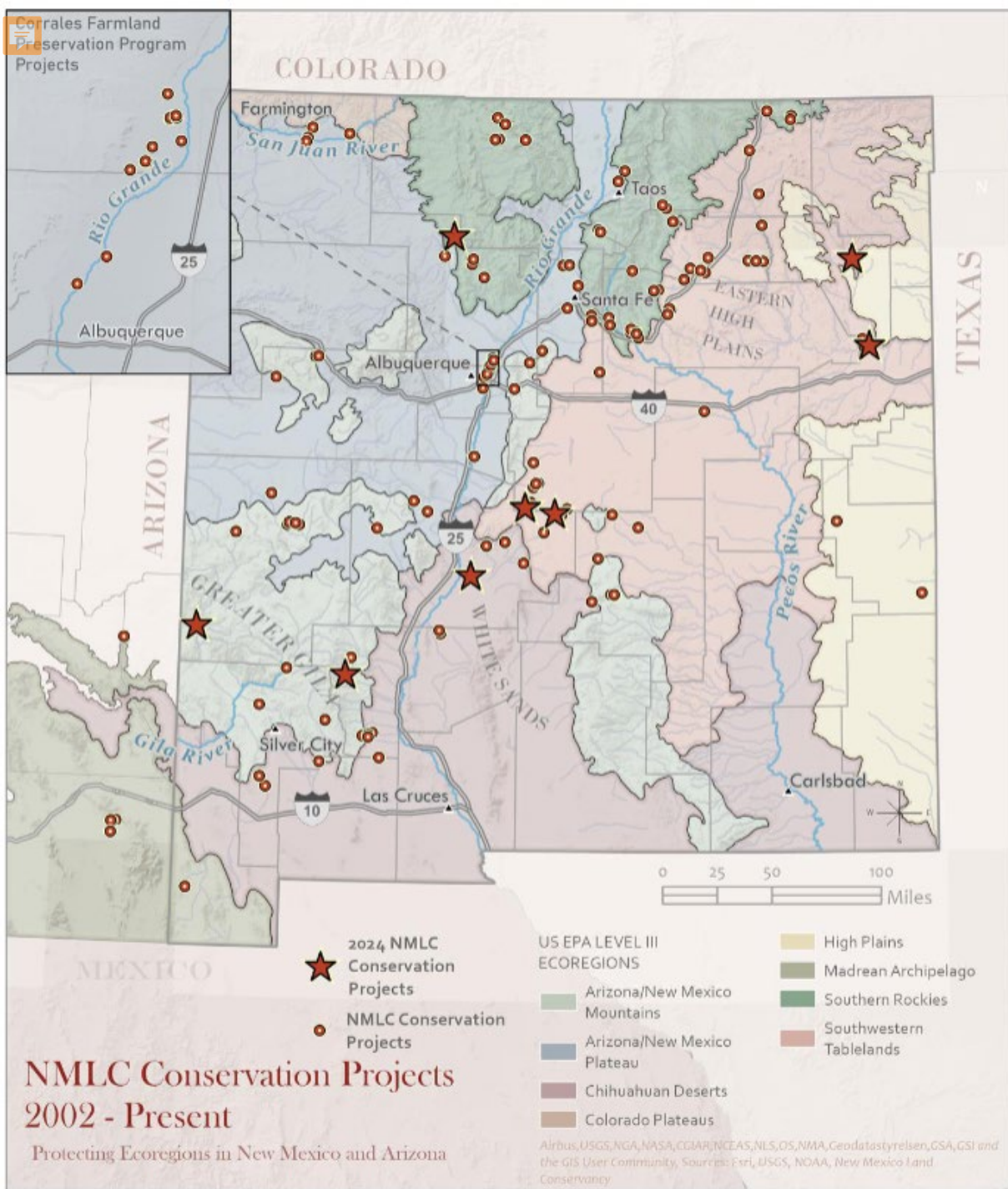


New Mexico State Tax Credits

New Mexico taxpayers may be eligible for a transferable state income tax credit for the donation of a qualified conservation contribution. Unlike a deduction, a **tax credit** provides a dollar for dollar write-off on taxes owed. The tax credit is valued at 50% of conservation easement value up to \$250,000 and can be used over a 20-year period. The donor of the qualified conservation contribution can also transfer all or part of the tax credit to other taxpayers through a broker at approximately 80% of the value. NMLC can provide information on conservation easement tax credit brokers who assist with the sale of tax

...largely through the **Land Conservation Incentives Act**





How has it performed?

- Over 50 projects protecting 584,628 acres
- Just over \$39m worth of credits issued in twenty years of program
- Land conserved at **only \$66/acre**
- In many cases, has leveraged other state and Federal funding: NRCS, USFWS, USFS, NMDGF, ONRT, even DoD

More than just tax breaks for rich landowners

- The Land Conservation Incentives Act sustains rural local economies by incentivizing conservation protections that **ensure land stays in agricultural production**. This **stability is vital** for the livelihoods of farmers and ranchers in **rural communities**.
- These protections **ensure land remains undeveloped** in areas that are critical for **watershed health** and other **ecosystem services** that **sustain New Mexican livelihoods**
- LCIA has been successful in New Mexico, funding over 50 conservation projects protecting 500k+ acres since 2005, but needs updates to remain effective
- Updating the LCIA will allow more **landowners in traditional communities** to access conservation incentives. Current caps mean **they're not receiving fair value** for these protections, and transaction/compliance costs have risen alongside land values



...but caps on eligible project costs make conservation infeasible for many smaller landowners

What are the challenges?

SOUTHWEST
FarmPress.

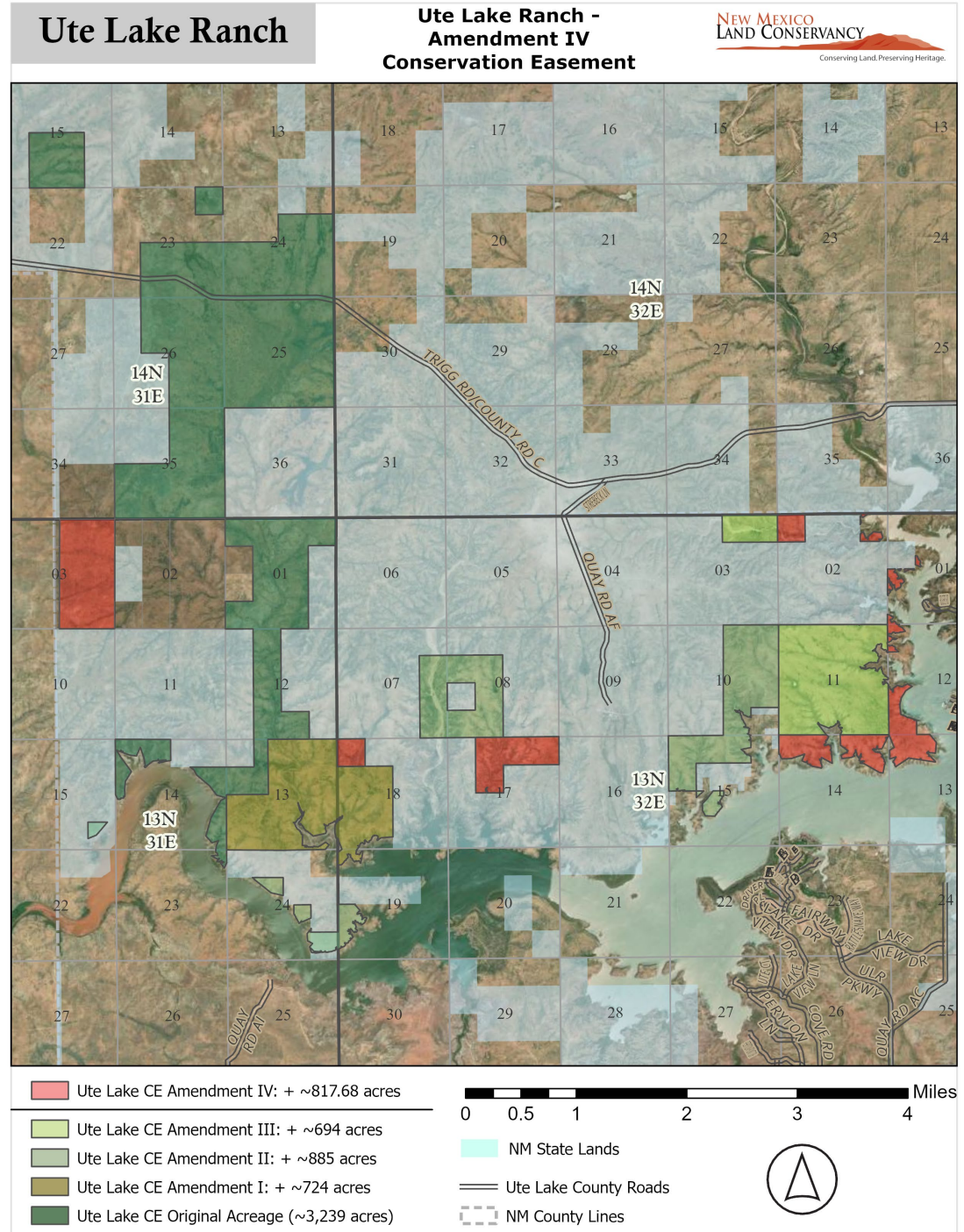
Southwest land values up: COVID played a role

Economists point to COVID for playing a significant role in rising rural real estate prices. Learn more about land values in Texas, Oklahoma and New Mexico, and what's hot in the land market.



- The **Land Conservation Incentives Act (LCIA)** has not been **updated since 2007**
- In the intervening years, New Mexico's **land values have skyrocketed** and development has **transformed rural areas**
- The LCIA's tax credits are capped at **50% of conservation value**, and \$250k total, which **isn't enough to incentivize conservation** of our most threatened landscapes
- These caps are especially problematic for land rich/cash poor New Mexicans and those in high development areas
- Project cap makes larger land protection **wildly inefficient**—just leads to phasing

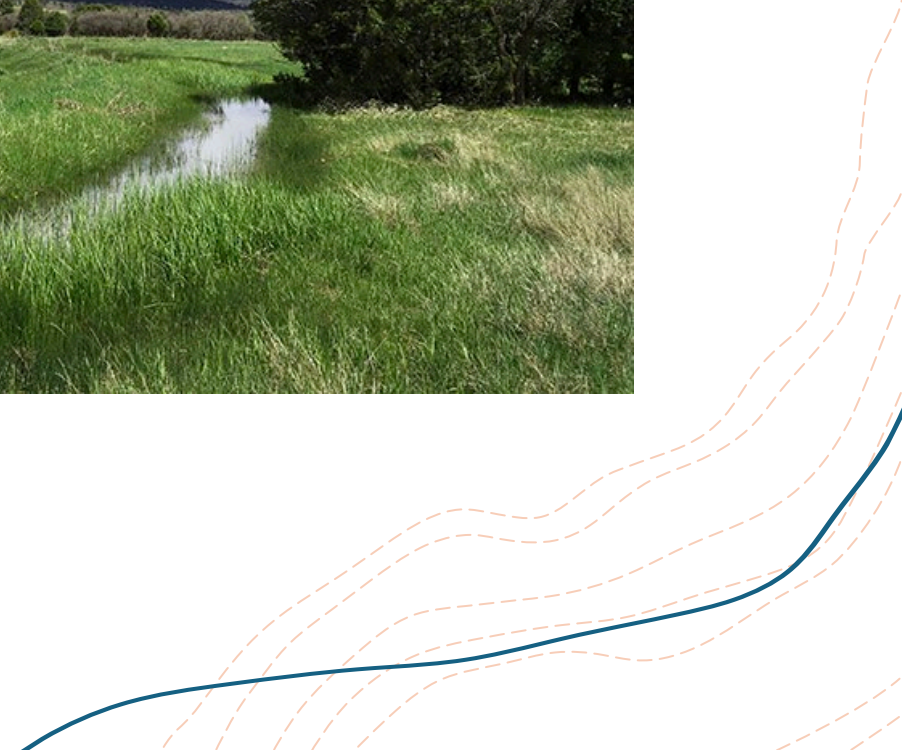
What are the challenges?



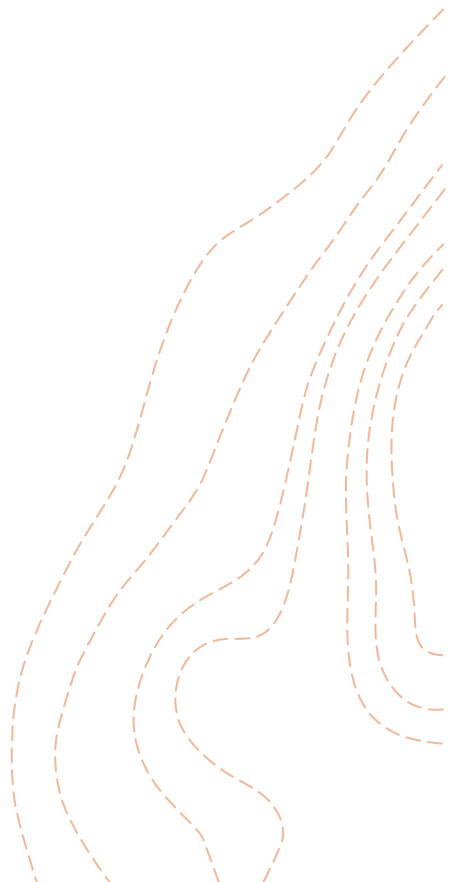


- It's simple: **update the caps**
- Increasing the amount of conservation value for which landowners can be compensated to **80%** will allow more small scale landowners and farmers to **keep New Mexico's land heritage alive**
- Eliminating the cap on each transaction will allow for more landscape-scale projects that **protect watersheds & wildlife**
- This approach is modeled on that of Colorado's conservation easement tax credit, which has been wildly successful

What are the solutions?



**Madera Canyon &
Museo del Carrizoto:
A Muldavin family
legacy**





Questions?

Jonathan Hayden

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