

REVENUE: May have revenue impact, statement not yet issued
FISCAL: Minimal fiscal impact, no statement issued

Action:	Do Pass as Amended, Be Printed Engrossed, and Be Referred to the Committee on Finance and Revenue by prior reference
Vote:	4 - 0 - 1
Yeas:	Atkinson, Bates, Prozanski, Avakian
Nays:	0
Exc.:	Beyer
Prepared By:	Sue Marshall, Administrator
Meeting Dates:	4/17

WHAT THE MEASURE DOES: Creates an income tax credit for donations of interests in real property to public or private conservation agencies for specified conservation purposes. Creates income tax subtraction for costs incurred in undertaking voluntary habitat conservation actions designed to achieve conservation purposes on forestland or exclusive farm use zone farmland owned by taxpayer. Applies to tax years beginning on or after January 1, 2007.

ISSUES DISCUSSED:

- Incentive approaches to encourage voluntary protection of wildlife habitat and historic and rural resources
- Public and landowner benefits of voluntary conservation easements

EFFECT OF COMMITTEE AMENDMENT: Increases the donation value for which a tax credit may be claimed and provides a higher tax credit when the property is located in a high priority area as identified by the Conservation Strategy for Oregon adopted by the State Fish and Wildlife Commission. Makes applicable starting in the 2007 tax year.

BACKGROUND: Landowners who voluntarily enter into a legal agreement to permanently protect a portion of their land under a conservation easement may be subject to a loss in the fair market value of their land. Senate Bill 929-A provides a tax credit to landowners for the difference in their property value following the attainment of a permanent easement on their property. For example, a property valued at \$200,000 prior to an easement and 150,000 after would be allowed to claim a tax credit for the difference of \$50,000. Qualifying easements would permanently restrict development so that it can be protected and preserved for open space, natural resources, biodiversity, agriculture, or as an historic site. The measure allows an income tax credit of 50 percent for the loss in fair market value, up to \$250,000 per individual or \$500,000 per corporation. For properties located in high-priority areas, a 75 percent tax credit may be claimed for a value up to \$400,000 per individual or \$750,000 per corporation. Senate Bill 929-A allows the donor to carry forward any unused tax credit to the following tax years, not to exceed 19 years from when the tax credit was first used. The measure also allows a donor to transfer the tax credit to a taxpayer subject to personal income tax, corporate excise tax or corporate income tax. A donor is allowed to subtract from federal tax the amount paid or incurred by the taxpayer during the tax year for the purpose of implementing a voluntary conservation action. The measure applies to tax years beginning on January 1, 2007.