



Earn Cash Back For Keeping Your Ranch A Ranch!

Banded Peaks River Ranch

2008 Acres | Chromo, CO | \$14,300,000

Presented by: Dan & Michael Murphy – M4 Ranch Group

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Many of us would rather see a cow than a condo, but did you know that you can receive **cash back for keeping your ranch a ranch**? Landowners who donate a Conservation Easement on their ranch land can earn **Colorado income tax credits**, which can be sold for cash, and a **Federal Income Tax Deduction** which can be used to reduce your taxable income, while maintaining full ownership and control of your land and your legacy.

A **Conservation Easement** is a voluntary restriction on how land can be used, in order to protect conservation values (wildlife habitat, open space, working agricultural lands and scenic vistas, among others). The land stays in private ownership and can be mortgaged, leased, sold or passed to heirs; however, the restrictions stay with the land forever. Which restrictions are put in place are purely up to the landowner, and continuing uses often include farming & ranching, hunting, limited residential development, and home-based businesses like outfitting, veterinary & boarding services, and others.

The value of your State Tax Credits and Federal Income Tax Deduction is calculated **based on the difference in value of the property before & after donating the easement**. For example, if the value of the ranch before the Conservation Easement is \$1,000,000 and the appraiser determines that the value after the easement restrictions are put in place is \$600,000 then the value of the easement is the difference, or \$400,000. This diminution in value can be claimed as a federal tax deduction, and is eligible for State tax credits as shown below:

<u>Less Restrictive Easement</u>	<i>(30% Diminution)</i>	<u>More Restrictive Easement</u>	<i>(40% Diminution)</i>
Land Value before Easement:	\$14,300,000	Land Value before Easement:	\$14,300,000
Land Value After Easement:	\$10,010,000	Land Value After Easement:	\$8,580,000
Easement Value:	\$4,290,000	Easement Value:	\$5,720,000
Federal Tax Deduction:	*\$4,290,000	Federal Tax Deduction:	*\$5,720,000
Federal Tax Savings:	\$1,587,300 <i>(37% bracket)</i>	Federal Tax Savings:	\$2,116,400 <i>(37% bracket)</i>
CO Tax Credit Value:	**\$2,195,000	CO Tax Credit Value:	**\$2,910,000
CO Tax Savings (if used):	\$2,195,000	CO Tax Savings (if used):	\$2,910,000
CO Credit Value (if sold):	\$1,865,750	CO Credit Value (if sold):	\$2,473,500
<u>Total Revenue:</u>		<u>Total Revenue:</u>	
<i>Depending on if credits are used or sold, & you still own the land worth \$10,010,000!</i>	\$3,453,050 – \$3,782,300	<i>Depending on if credits are used or sold, & you still own the land worth \$8,580,000!</i>	\$4,589,900 – \$5,026,400

Examples only. Actual values will depend on the specifics of the easement, and will be determined by a qualified appraisal.

* **Federal Deduction:** Individual donors can deduct up to 50% of their AGI for a period of 16 years.

** **Tax Credit Value:** Assumes phased transactions to maximize credit value. 75% of the first \$100,000 of the easement value, and 50% of the remaining value, up to a total of \$1,500,000 max credit. One donation/credit per year, regardless of value. Credits can be used to pay your state income tax, and carried forward for 20 years, or can be sold through **Tax Credit Connection, Inc.** for a net of 85% of face value.

Turning Conservation Easement Tax Credits into Cash

Donating a conservation easement isn't the best fit for all landowners. For those who want to stay on their land, keep their ranch intact for future generations, and ensure that it remains undeveloped, a conservation easement donation can allow for a cash infusion to pay off debt, make improvements, or invest elsewhere for a higher return while conserving important wildlife habitat, agricultural land, and scenic open space.

For many landowners, their state income tax liability is low enough that using the tax credits is not attractive. Many choose the option to sell all or a portion of their credits through ***Tax Credit Connection, Inc.*** for a net of 85% of the face value of the credit. If you decide to sell \$100,000 of your credits, you will receive a check for \$85,000.

When you choose to sell your tax credits through ***Tax Credit Connection, Inc.*** you can rest assured that everything will be taken care of. Their tax credit experts will review your appraisal and other documentation, submit and track your application to the State, prepare the transfer documents between you and the buyer, and prepare all additional tax forms you will need to file with your state & federal income tax returns. To date, ***Tax Credit Connection, Inc.*** has sold over **\$100,000,000 of Colorado tax credits** and put over \$80,000,000 back in the pockets of tax credit sellers!



For more information, please contact:

Tax Credit Connection, Inc.

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This information is not intended to be legal or financial advice. Please consult your own advisor.