

## Announcing WealthPRIME Conservation Easements

WealthPRIME has partnered with Oppenheimer Development Properties to provide our clients with exclusive access to conservation easement investments. Conservation easements are a unique investment featuring incentives provided by Congress that offer unparalleled tax treatment.

Conservation easements are gaining favor as a prepared investment for high-net-worth investors who need to offset significant income and capital gains. In January 2021, The Biden Administration issued Executive Order #14008 with the goal of protecting 30% of U.S. land and water to conserve biodiversity and curb greenhouse gas emissions. The administration report “America the Beautiful” issued in May 2021 called out federally deductible conservation easements as instruments likely to play an important role in the administration’s conservation strategy.

### Unparalleled tax treatment

Depending on the property, investors can realize a tax offset of 2.5x – 4x the initial investment in the first year. For example:

Investment	2.5x deduction	4x deduction
\$100,000	\$250,000	\$400,000

Investors may use charitable deduction to offset up to 50% of their adjusted gross income, and may be carried for up to 15 years.

### How conservation easements work

Utilizing IRC 170(H), our partners can choose to relinquish development rights in perpetuity and place a conservation easement on their property, potentially preserving open space, habitats, agriculture, or for recreational use. The partner then realizes a tax benefit in the form of a charitable contribution deduction equal to the highest and best use of the property.

In the 2015 federal budget there was a rare bipartisan effort in Congress to facilitate and financially incentivize the preservation of privately owned lands in perpetuity that contained specified “conservation values” in order that they would not be developed. To relieve federal, state and local governments from the enormous costs inherent in the acquisition of these privately held properties through direct purchase or declaration of eminent domain,

Congress made permanent IRC 170(H), which allows the private landowner to capture, through a “Charitable Contribution Deduction”, at least some of the “opportunity value” that the landowner would relinquish in the act of granting a “Conservation Easement” in perpetuity on their land to a “Qualified Land Trust.”

## **Pending changes to tax law**

On August 5th, 2022, the U.S. court of Appeals for the District of Columbia Circuit rejected the IRS’s position that Cross Refined Coal LLC was not a bona fide partnership for tax purposes. The decision was important because it upheld the validity of a partnership whose business was not profitable but for the possibility of tax credits.

This ruling is likely to open a window for new tax-preferred investments such as Conservation Easements. Conservation easements are gaining favor as a prepared investment for high-net-worth investors who need to offset significant income and capital gains. In January 2021, The Biden Administration issued Executive Order #14008 with the goal of protecting 30% of U.S. land and water to conserve biodiversity and curb greenhouse gas emissions. The Administration report *America the Beautiful*, issued May 2021, called out federally deductible conservation easements as instruments likely to play an important role in the Administration’s conservation strategy.

## **About Oppenheim Property Management**

Founder Reed Oppenheim was a U.S. Marine before he graduated from Yale where he studied history. In 2006 Reed founded and served as CEO of an engineering technology company that developed defense systems.

Reed has been involved with humanitarian, anti-poverty, and environmental activities for over 40 years. Unlike other conservation easement programs, we spend more time with a property after an easement has been placed than we do before an easement is placed on it.

With the increasing awareness of climate change and the resulting disruptions caused by storms, heat waves, droughts, polar vortex events, greenhouse gas effects, pandemics, and resulting food insecurity of our most vulnerable populations, the real value of conservation easements is largely untapped. With each Deed of Conservation Easement we initiate, we place restrictions on timbering and harmful chemicals to protect the values we are obligated to preserve under the terms of the restrictive covenants.

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