



March 22, 2021

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
1236 Longworth House Office Building
Washington, DC 20515

The Honorable Kevin McCarthy
Republican Leader
U.S. House of Representatives
2468 Rayburn House Office Building
Washington, DC 20515

The Honorable Charles E. Schumer
Majority Leader
United States Senate
322 Hart Senate Office Building
Washington, DC 20510

The Honorable Mitch McConnell
Republican Leader
United States Senate
317 Russell Senate Office Building
Washington, DC 20510

Dear Leaders:

As national representatives for the land conservation, appraisal and historic preservation communities, we urge you to take immediate action to pass the *Charitable Conservation Easement Program Integrity Act*.

In December 2016, the Internal Revenue Service issued Notice 2017-10, which identified and classified certain highly overvalued conservation easement transactions as “listed transactions,” or egregious tax-shelter deals. Historically, when the IRS designated a transaction as such, the abuse halted immediately. Unfortunately, in the case of abusive syndicated conservation transactions, the abuse has not stopped. It’s grown significantly.

According to the most current, publicly available IRS data, investors claimed nearly \$36 billion in unwarranted deductions between 2010 and 2018. This includes \$6 billion in 2016, \$6.8 billion in 2017 and \$9.2 billion in 2018. **To be clear, this means \$22 billion in deductions were claimed in the three years after the IRS put these bad actors on notice.** While data for tax years 2019 and 2020 have not yet been released, we expect the data will show the problem continues. For this reason, Congress must act now to halt the abuse.

Last year, the Senate Finance Committee issued a hard-hitting report on the abuse. The report made it clear that people engaging in these abusive transactions were not driven by a desire to conserve land. Indeed, the committee reviewed emails between the promoters of these abusive transactions and the investors showing they “had no interest in a wide variety of land-investment possibilities; they just

wanted to buy tax deductions.” At one point, the report likens the abuse to an automated dollar machine, where each investor who puts in one dollar gets back two.

Lobbyists defending these abusive transactions claim that passing the *Charitable Conservation Easement Program Integrity Act* would hinder land conservation. This is false. Each year, approximately 2,000 to 2,500 conservation donations are made for truly charitable purposes. In aggregate, these truly charitable donations total about \$1 billion in claimed deductions per year. That stands in sharp contrast with the \$9.2 billion claimed by syndicators for 296 entities in 2018. Passing this bill will safeguard the taxpaying public while ensuring that the incentive for land conservation remain available for genuine philanthropists.

Additionally, lobbyists defending these abusive transactions claim the effective date of the bill is retroactive. But that’s a disingenuous argument. The effective date of the legislation is the actual date the IRS placed these bad actors on notice and told them to halt their abusive transactions. Maintaining the effective date in the legislation that passes will ensure that funds taken from taxpayers will be returned while also saving taxpayers potentially millions of dollars because the IRS will no longer need to pursue enforcement of the most egregious abuse through the tax courts. Any attempts to shift the effective date are de facto attempts to protect the massive profiteering enjoyed by the bad actors behind these abusive transactions.

The *Charitable Conservation Easement Program Integrity Act* remains the fastest and most efficient way to halt this egregious and ongoing abuse. The legislation has the support of our respective organizations and the backing of all those who work tirelessly and ethically to conserve our country’s irreplaceable farmlands, forests, historic buildings, ranches and wetlands. We respectfully ask you to stand with us – and all in our community – by pledging to curb abuse and restore the integrity of this cherished and worthy conservation program. It’s time to pass the *Charitable Conservation Easement Program Integrity Act*.

Sincerely,

*American Society of Farm
Managers and Rural
Appraisers*

Land Trust Alliance

The Nature Conservancy

*American Society of
Appraisers*

*National Trust for Historic
Preservation*

*Theodore Roosevelt
Conservation Partnership*

Appalachian Trail Conservancy

*Partnership of Rangeland
Trusts*

The Trust for Public Land

Appraisal Institute

*Pheasants Forever Quail
Forever*

Ducks Unlimited

The Conservation Fund

CC:

The Honorable Richard Neal

The Honorable Kevin Brady

The Honorable Charles E. Grassley

The Honorable Ron Wyden
The Honorable Mike Thompson
The Honorable Mike Kelly
The Honorable Steve Daines
The Honorable Debbie Stabenow
The Honorable Janet Yellen

For further information, feel free to contact:

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