



CHAMPIONING BETTER GOVERNMENT PERFORMANCE

OSIG NEWS

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VIRGINIANS PAYING FOR LOW QUALITY CONSERVATION EASEMENTS

For one of three conservation easement properties visited by Virginia Office of the State Inspector General auditors, monitoring by a non-accredited land conservation agency was inadequate. OSIG saw trash, old tires, scrap metal piles, old campers, inoperable vehicles and a manure storage area that contained deceased cattle parts on the property. OSIG performed an audit of the Conservation Easement/Land Preservation Tax Credit Program and found the conservation quality that Virginia receives for conservation easement tax credits needs improvement.

Easements between \$500,000 and \$999,999 lacked restrictions for water quality, historical preservation and agricultural use when compared with easements that result in tax credits of \$1 million or more, which trigger a review by the Department of Conservation and Recreation. Three of four credits tested by OSIG had a reduced easement appraisal value recorded by Virginia Tax resulting in credit values under \$1 million.

“Virginia provides tax credits up to \$75 million per year for conservation easements and land donations,” said State Inspector General Michael C. Westfall. “In effect, Virginia is paying for natural resource preservation through these tax credits. Taxpayers have taken reduced credits on easements, which has resulted in staying below the \$1 million threshold for a Department of Conservation and Recreation review.”

OSIG recommends that the Land Trust Alliance should accredit land trust companies holding easements or donations of land for these tax credits. OSIG also recommends that *Code of Virginia* § 58.1-512(D)(1) should require a lower threshold for quality reviews by the Conservation agency and a review by the agency when the appraised value of the easement qualifies for a land preservation tax credit of \$1 million or more, regardless of the amount of credit taken.

The Department of Conservation and Recreation and the Department of Taxation concurred with the findings with plans to implement corrective actions. Read the report [here](#).

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Established in 2012, the Virginia Office of the State Inspector General manages the State Fraud, Waste and Abuse Hotline; conducts investigations and performance audits of state agencies; provides training and standards for the commonwealth’s internal audit programs; and conducts inspections and reviews of Virginia Department of Behavioral Health and Developmental Services-run facilities and programs.