

**REPORT OF THE DEPARTMENT OF CONSERVATION AND
RECREATION**

**Calendar Year 2012 Land Preservation
Tax Credit Conservation Value Summary**

**TO THE GOVERNOR AND
THE CHAIRMEN OF THE SENATE FINANCE
COMMITTEE, THE HOUSE APPROPRIATIONS COMMITTEE,
AND THE HOUSE COMMITTEE ON FINANCE**



**COMMONWEALTH OF VIRGINIA
RICHMOND
December 2013**

Douglas W. Domenech
Secretary of Natural Resources



David A. Johnson
Director

COMMONWEALTH of VIRGINIA
DEPARTMENT OF CONSERVATION AND RECREATION

600 East Main Street, 24th Floor
Richmond, Virginia 23219
(804) 786-6124

December 13, 2013

The Honorable Robert F. McDonnell, Governor of Virginia
The Honorable Walter A. Stosch, Chairman, Senate Finance Committee
The Honorable Lacey E. Putney, Chairman of the House Committee on Appropriations
The Honorable Harry R. Purkey, Chairman, House Committee on Finance

Dear Governor McDonnell, Senator Stosch, Delegate Putney, and Delegate Purkey:

We are pleased to provide you with this report prepared in accordance with § 58.1-512.C.2. of the Code of Virginia (Virginia's Land Conservation Incentives Act). This Act requires the Department of Conservation and Recreation (DCR) to compile an annual report on qualified tax credit donations of less-than-fee interests in land accepted by any qualified public or private conservation agency or organization. This report focuses on those donations made between January 1, 2012 and December 31, 2012, for which a taxpayer requested a Land Preservation Tax Credit (LPTC) within the \$111,054,000 cap for tax year 2012 established pursuant to Virginia Code § 58.1-512.D.4.a.

The Virginia Land Preservation Tax Credit (LPTC) Program remains a key factor behind the land conservation successes the Commonwealth has realized to date. The transferability of the LPTC has proven to be a valuable incentive to persons voluntarily protecting working farms and forests, recreational lands, scenic viewsheds, historic sites, and natural areas. A two percent fee on the transfer of tax credits now provides much needed support to land trusts and other conservation agencies and organizations for their ongoing responsibilities for the hundreds of thousands of acres of conserved lands they steward.

DCR's review of Land Preservation Tax Credits is both responsive and timely and serves as an important oversight tool for the Commonwealth to ensure that the lands protected, for

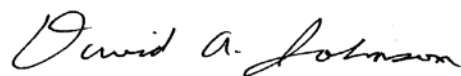
The Honorable Robert F. McDonnell, Governor of Virginia
Members of the Virginia General Assembly
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which a tax credit of \$1 million or more is sought, have significant conservation value and that the natural and historical resources they contain will be adequately protected into the future.

DCR's review of tax credit applications utilizes conservation review criteria adopted by the Virginia Land Conservation Foundation (VLCF). This review ensures that the conservation easements will require, where applicable: a forest management plan, development and implementation of an agricultural conservation plan, visual public access to scenic resources, establishment of riparian buffer areas to protect water quality, protection of resources listed on the Virginia Landmarks Register or the National Register of Historic Places from demolition and alteration, and that known natural heritage resources are also protected. Additionally, DCR's review has helped to ensure that the voluntary easements meet VLCF criteria aimed at safeguarding long-term conservation values of the property, prohibiting intentional harm to the conservation values of the property, and insuring that the conservation value of the property will not be adversely affected by future development. Such revisions to the easements significantly improved the conservation quality of the donations made under Virginia's tax credit program.

We trust that this report fulfills the required statutory obligations and demonstrates the importance of the Land Preservation Tax Credit Program.

Respectfully submitted,



David A. Johnson

Attachment

cc: Virginia Land Conservation Foundation Board of Trustees
The Honorable Douglas W. Domenech, Secretary of Natural Resources
Daniel Timberlake, Director, Department of Planning and Budget
Craig M. Burns, Commissioner, Department of Taxation
Clyde Cristman, Legislative Analyst, Senate Finance Committee
Paul Van Lenten, Jr., Legislative Fiscal Analyst, House Appropriations Committee

PREFACE

This report has been prepared in accordance with and fulfills the requirements of:

§ 58.1-512.C.2. of the Code of Virginia (Virginia's Land Conservation Incentives Act), which requires the Department of Conservation and Recreation (DCR) to compile an annual report on qualified tax credit donations of less-than-fee interests accepted by any public or private conservation agency. This report covers those donations for which taxpayers claimed Land Preservation Tax Credits within the 2012 cap of \$111,054,000 established by Virginia Code § 58.1-512.D.4.a.

The following pages provide a status report on those donations for which taxpayers claimed Land Preservation Tax Credits from January 1, 2012 through July 31, 2013, under the 2012 cap of \$111,054,000.

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EXECUTIVE SUMMARY

The Virginia Land Preservation Tax Credit (LPTC) Program has proven to be a valuable incentive for landowners interested in voluntarily conserving their property through perpetual conservation easements or fee-simple donations. The transferability feature of Virginia's tax credit program is especially valuable to landowners with little or no state income tax liability, enabling them to sell their tax credits for income. Responsibilities for oversight of the LPTC program are shared by the Virginia Department of Taxation (TAX) and the Virginia Department of Conservation and Recreation (DCR).

Virginia's Land Preservation Tax Credit Program began in January 2000 and continues to advance the preservation of important lands across the Commonwealth. TAX's records indicate that as of October 3, 2013, land owners permanently protected 634,596 acres across the Commonwealth through 2,982 land donations since program inception. The appraised value of this conserved acreage is about \$3.55 billion, with land owners receiving \$1.32 billion in tax credits.

DCR's review of LPTC applications for \$1 million or more began in January of 2007. As directed by the Code of Virginia, DCR follows the Conservation Value Review Criteria as adopted by the Virginia Land Conservation Foundation to verify the conservation value of donated land or conservation easements. This review process serves as an important tool for the Commonwealth to ensure that the lands protected have worthy conservation values and that their natural and historical resources are adequately protected in perpetuity.

The tax credit report contained herein summarizes the donations for which taxpayers claimed 2012 Land Preservation Tax Credits, within the \$111,054,000 LPTC cap established by § 58.1-512.D.4.a. of the Code of Virginia. Based on information provided to DCR from the LPTC applicants and TAX, in 2012, there were 201 applications that were granted \$56,227,473 in land preservation tax credits protecting 42,085.62 total acres. However, the annual tax-credit cap was not met by the end of the 2012 calendar year. In fact, the 2012 cap still has not been met. In order to gather and summarize data for this annual report, applications received by TAX through July 31, 2013, are included in this report. At that time, a balance of \$54,826,527 remained in the 2012 cap.

TAX will continue to apply tax-credit applications for land donations recorded in 2012 or earlier to the 2012 cap until it is depleted. Meanwhile, any LPTC applications with land donations recorded in 2013 will be applied to the 2013 cap of \$100 million, creating a situation where TAX is effectively managing two separate caps of tax credits simultaneously. Next year's annual Land Preservation Tax Credit Conservation Value Summary report will provide an update on progress made in the 2012 cap as well as a summary of the 2013 cap.

For the 2012 LPTC, taxpayers in 68 localities claimed a tax credit. The largest number of individual donations occurred in Albemarle County with 17 properties (8.46 percent of all donations). The greatest total acreage preserved occurred in Smyth County with 2,569.21 acres or 6.10 percent of the total acres preserved in the 2012 LPTC program. Loudoun County land owners requested the largest amount of total tax credit dollars at \$8.59 million or 15.28 percent of the total LPTCs requested.

Of the eight conservation purposes that a landowner can claim to be eligible for a LPTC, approximately 78 percent of the total acreage preserved in the LPTC program or 32,673.97 acres were claimed to be in the Scenic Open Space category. Applicants may claim more than one conservation purpose and many in fact do, however it is not necessary in order to request or qualify for the LPTC Program. The other prominent categories claimed were: Forestal Use (21,256.19 acres) 51 percent of the total acreage, Agricultural Use (17,891.47 acres) 43 percent, and Watershed Preservation (14,638.55 acres) 35 percent. The remaining purposes claimed in order of rank were: Lands Designated by the Federal, State, or Local Government at 8,114.16 acres or 19 percent; Natural Habitat and Biological Diversity at 7,217.20 acres or 17 percent; Historic Preservation at 2,730 acres or 6 percent; and Natural Resource Based Outdoor Education and Recreation at 1,069 acres or 3 percent of the total acreage.

As reported by land owners in their LPTC application packages to TAX under the 2012 cap, so far about 14,238 acres of active agricultural land and 11,654 acres of active forestal land were conserved. Within the LPTC application, land owners are also asked to report on the total length of riparian buffers with a minimum width of 35 feet required in their donated easements or gifts of land. The applications for 2012 indicate a total length of 674,916 feet of forested buffers and 168,487 feet of no-plow buffers along rivers, streams, wetlands, ponds, springs, and shorelines. The two different categories of buffers are differentiated by the types of activities that are restricted or allowed within the conservation easement or deed of gift. Activities such as mowing or timber harvesting are restricted in forested buffers, but are allowed within no-plow buffers to maintain non-woody vegetation such as pasture or grasslands.

In 2012, the Virginia Land Conservation Foundation (VLCF) distributed dedicated funding to land conservation agencies and organizations for their stewardship efforts. Per authority granted in Chapters 229 and 248 of the 2010 Virginia Acts of Assembly, the VLCF distributed a total of \$2,210,118 in stewardship funds to 52 land trusts, conservation organizations, and agencies to support their ongoing monitoring and enforcement of donated lands. The dedicated funding is generated from a two percent fee imposed on the sale of LPTCs.

In addition to the responsibility to prepare an annual LPTC report, DCR is also charged with conducting reviews of the Conservation Value of LPTC requests of \$1 million or more (based on a 40% credit for a donation valued at \$2.5 million or greater) and with verifying the

conservation value of these donations in advance of TAX issuing a land preservation tax credit. DCR's review is carried out in accordance with criteria adopted by the VLCF for this purpose.

In 2012, DCR reviewed and commented on the conservation value associated with 13 LPTC applications that were over the \$1 million review threshold. Of the 13 reviews, nine final applications were filed with TAX requesting more than \$10.8 million in tax credits for 4,396 acres. In addition, another four DCR-approved applications from the previous year were applied to the 2012 LPTC. One application that was reviewed by DCR in 2010 and one from 2009 also applied for tax credits in 2012. Those 15 DCR-verified donations represented 7.96 percent of total applications, 12.40 percent of the LPTC acres preserved, and 31.02 percent of the total LPTC dollars claimed in 2012. The four remaining potential donations reviewed in 2012 that did not complete the LPTC process by filing for a credit with TAX may have been delayed for any number of reasons, including fluctuations in the real estate market, difficulties with bank subordinations, or other timing issues.

DCR's oversight continued to provide benefits to the Commonwealth's efforts to ensure the conservation value of properties applying for the LPTC. DCR's review process resolved a number of issues with applications that would have negatively affected the donation's conservation value if the applicants had recorded their deeds as originally submitted during DCR's pre-filing review. In addition, DCR's review helped to ensure that persons eligible for \$1 million or more in state land preservation tax credits also addressed water quality and forest stewardship protections associated with their conserved lands. Although state law allows DCR 90 days to complete its review, DCR took only 22 days on average to review a pre-filing application (including a site visit) and five days to verify the conservation value of final applications.

LAND PRESERVATION TAX CREDIT OVERVIEW FOR CY2012

Land Conservation Tax Credit Program Overview

Virginia's land preservation tax credit (LPTC) program is considered to be one of the most effective conservation tools available in the Commonwealth. Since its beginning in January 1, 2000, Virginia's tax credit program continues to leverage significant private investment to attain noteworthy land conservation levels every year. As of October 3, 2013, the Virginia Department of Taxation's (TAX) records indicated that a total of 634,596 acres of land appraised at almost \$3.55 billion, have been protected through 2,982 donations representing \$1.32 billion in tax credits through 2012. This extensive level of tax credits, as well as the number of land donations and acres conserved, demonstrates great public interest and participation in this valued tax credit program.

Fifteen other states currently provide state tax incentives for donations of conservation easements. Those are Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Iowa, Maryland, Massachusetts, Mississippi, New York, North Carolina (expires December 31, 2013) New Mexico, and South Carolina. Four of those states also provide for transfer of those credits (Colorado, Georgia, New Mexico, South Carolina), but Virginia's tax-credit program is by far the largest in dollar value of property conserved. In Virginia, this is a program that has enormous land conservation benefits.

As a result of legislative amendments enacted in 2006, effective January 1, 2007, the LPTC program was capped at \$100 million per year, with donations in excess of the annual cap to be rolled over to subsequent years. The amount of the tax credit cap is adjusted annually to the Consumer Price Index, increasing to \$102.3 million in 2008; \$106.6 million in 2009; \$106.8 million in 2010; and \$108.4 million in 2011. In 2012, the program was capped at \$111.1 million. Additionally in 2006, the amount of value that can be claimed for any conservation easement was limited to 40 percent of the fair market value of the qualified donation - reduced from the previously allowed 50 percent. These compromises represented a diminution in the state's peak annual tax credit expenditures, which reached \$155.9 million in tax year 2005 and \$247.8 million in 2006, but still allow for an exemplary program that the state can budget for into the future.

In the 2013 Legislative Session, the cap was further modified. Chapter 798 of the 2013 Virginia Acts of Assembly (HB1398) provides that, beginning with calendar year 2013, the maximum annual amount of land preservation tax credits that can be issued to taxpayers is \$100 million. However, the \$100 million will continue to be annually indexed, as is done under current law. The legislation requests the Governor to consider for inclusion in the Budget Bill or in his amendments to the general appropriation act a recommended appropriation from the

general fund in an amount equal to the difference between the indexed amount and \$100 million, to be appropriated as follows: 80 percent of the unissued credits to the Virginia Land Conservation Fund, of which at least 50 percent must be used for acquisitions with public access; 10 percent to the Civil War Site Preservation Fund; and 10 percent to the Virginia Farmland Preservation Fund.

Benefits of the Land Preservation Tax Credit Review

DCR's review of LPTC applications for \$1 million or more began in January of 2007. As directed by the Code of Virginia, DCR follows the Conservation Value Review Criteria as adopted by the Virginia Land Conservation Foundation to verify the conservation value of donated land or conservation easements. The VLCF Board adopted the LPTC Conservation Value Review Criteria in November 2006, and amended them on August 7, 2008 and March 27, 2009. The Review Criteria encompass three factors, which taken together make up the Conservation Value of the donated land. The three factors are (i) Conservation Purpose, (ii) Public Benefit, and (iii) Water Quality and Forest Management. The Review Criteria are based on IRS Code § 170(h) and provisions set out in § 58.1-512 of the Code of Virginia, and contain specific requirements that reflect state policy.

The first factor of the criteria is Conservation Purpose. DCR staff physically look at the land being conserved and the legal documents submitted to verify the purpose for which it is being conserved; i.e., what conservation purposes are being protected by the conservation easement that will be of value to the Commonwealth. Applicants only need to satisfy one of the eight potential Conservation Purposes; however, many select more than one to reflect the multiple attributes of their donated land. The eight Conservation Purposes are:

1. Agricultural Use;
2. Forestal Use;
3. Natural Habitat and Biological Diversity;
4. Historic Preservation;
5. Natural-Resource Based Outdoor Recreation or Education;
6. Watershed Preservation;
7. Preservation of Scenic Open Space; and
8. Conservation and Open Space Lands Designated by Local Governments.

There are several options for meeting each Conservation Purpose and designated safe harbors are provided to satisfy each purpose. If a donation meets a safe harbor then the donation fulfills the specific Conservation Purpose. For example, within the Conservation Purpose of Agricultural Use, land that a locality has designated as being subject to use value taxation is deemed to have a valid Agricultural Use Conservation Purpose. Within the Conservation

Purpose of Historical Preservation, a battlefield individually listed in the Virginia Landmarks Register or the National Register of Historic Places is also deemed to have a valid Historic Preservation Conservation Purpose.

Conversely, some land uses may be specifically ruled out of certain Conservation Purposes. For example, public recreation lands where development covers more than 15 percent of the site, such as with amusement parks or private beaches, will not meet the Conservation Purpose of Natural-Resource Based Outdoor Recreation or Education.

The second factor of the criteria, Public Benefit, ensures that safeguards exist in the proposed deed to protect the conservation values of the donated land in perpetuity, prohibit intentional destruction or significant alteration of the conservation values of the protected property, and ensure that the conservation value of the property will not be adversely affected by future division or development. The deed of easement must contain the following restrictions:

1. Limits on the number of permitted subdivisions of property;
2. Limits on number and size of permitted new buildings and structures;
3. Restrictions on location of new buildings and structures;
4. Restrictions on location of new roads or access ways; and
5. Limits on alterations, demolition, or ground-disturbing activity that may impact historic or natural heritage resources.

The final factor of the Conservation Value Review Criteria is Water Quality and Forest Management. This factor focuses on protection of water quality and the stewardship of agricultural and forest lands. Concerning the protection of water quality, if the property contains wetlands, frontage on a perennial stream or river, lakes, or tidal waters, then the deed must require a 35-foot riparian buffer that prevents certain activities determined to have a negative impact on water quality. In addition, if the property contains lands in agricultural use, then the deed must provide for the implementation of a written conservation plan that stipulates the use of best management practices. If the property contains 20 acres or more of forest lands, the deed must require that a written forest management plan or Virginia Forest Stewardship Plan be in place prior to the commencement of timber harvesting or other significant forest management activities. This plan is to be developed by or in consultation with the Virginia Department of Forestry or be consistent with Forest Best Management Practices.

DCR's Review of the Conservation Value of Land Preservation Tax Credits of \$1 Million or More

DCR is responsible for conducting reviews of the Conservation Value for LPTC requests of \$1 million or more (based on 40 percent of the fair market value of a land donation valued at

\$2.5 million or greater) and for verifying the conservation value of these donations in advance of TAX issuing a land preservation tax credit. This review is performed in accordance with Conservation Value Review Criteria adopted by the VLCF for this purpose.

As part of its pre-filing review process, in 2012 DCR reviewed and commented on the conservation value associated with 13 applications. The Agency provides this service to taxpayers so that any potential issues can be resolved prior to completion of the donation and submission of a final LPTC application. Of the 13 pre-filing reviews, nine final applications were filed with TAX in 2012 requesting \$10,822,518 in tax credits for a combination of 4,396 acres. Additionally, one site that was reviewed in 2009 and another reviewed in 2010 applied for tax credits in 2012, together requesting \$2.8 million for 239 acres. Four applications from 2011 applied for tax credits in 2012, requesting \$3.8 million in tax credits for 533 acres. These 15 DCR-reviewed LPTC applications filed in 2012 represented 7.96 percent of the total applications, 12.40 percent of the LPTC acres preserved, and 31.02 percent of the total 2012 LPTC requested, in dollar value. The remaining four sites reviewed by DCR in 2012 did not file for tax credits by the end of the year due to a variety of reasons, including difficulties with bank subordinations, concerns with land appraisal values, or other timing issues. Two of those four applications successfully completed DCR's pre-file review and two withdrew their application during the review process.

The objective of DCR's review is to ensure a basic level of protection for all of the known conservation values of the property at the time of the donation in accordance with the VLCF Review Criteria. DCR's reviews resulted in considerable modifications to many of the applications submitted to the Agency. Through the collaborative pre-filing review process DCR and the applicants were able to resolve a number of substantial issues with the applications that could have negatively affected the land donation's conservation value if the donation had been recorded as submitted. Applicants modified their draft deeds following the DCR review process to ensure the appropriate protection of the conservation values of the properties in perpetuity as follows:

- For Forestland, deeds were modified to require a forest management plan;
- For Scenic Open Space, deeds were modified to ensure public visual access to the scenic resource;
- For Farmland, deeds were modified to require the development and implementation of an agricultural conservation plan;
- For Water Quality Protection, deeds were modified to ensure the placement of appropriate riparian buffer areas;
- For Historic Resources, deeds were modified to ensure the protection of resources listed on the Virginia Landmarks Register or the National Register of Historic Places from demolition and alteration; and

- For Natural Heritage Resources, the deeds were modified to protect known resources documented in state databases.

Additionally, deeds were often refined to specify building envelopes, limitations on paved roads and the placement of utilities, and the establishment and limitations on the disturbance of vegetated buffers around perennial streams and other specified water bodies. The reviews also led to other minor changes for clarification and often required the applicant to provide additional documentation of the conservation purposes they claimed. In several cases, the review required additional language in the deeds of easement to ensure protection of historic structures and areas containing special habitat supporting known natural heritage resources.

The common factor that ran through every single review conducted by DCR was the inherent pride landowners have in their land and the fulfillment they achieve in ensuring that land will be in good condition for generations to come. Most properties DCR reviewed in 2012 had some form of agricultural or forestal activity at the time of donation, whether they were a multi-generation homestead in Loudoun County or an historic plantation on the Middle Peninsula. In at least one instance, the applicant's stated goal in preserving their property and requesting the tax credit was to ease the transition of the next generation of the family into the management of the agricultural operation. In every instance where the land was in agricultural use, the donation of a conservation easement was intended to ensure the opportunity of future generations to farm the land.

In addition to improving the conservation value of the donations, DCR sought to complete its reviews in a timely fashion and worked closely with applicants, their attorneys, and land trusts. The law, Virginia Code § 58.1-512.D.3., allows DCR to take up to 90 days to review an application before taking a final action. On average in 2012, DCR took 22 days to review a pre-filing application and 5 days to verify the conservation value of final applications where the applicant had submitted a pre-filing application.

DCR's review of tax credits that claim \$1 million or more has been both responsive and timely and serves as an important tool for the Commonwealth to ensure that the lands protected for which a Land Preservation Tax Credit is issued are worthy of protection and that the natural and historical resources they contain will be adequately protected in perpetuity.

Discussion of CY2012 Land Preservation Tax Credit Program

The Virginia's Land Conservation Incentives Act, Virginia Code § 58.1-512.C.2., requires DCR to compile an annual report on qualified donations of less-than-fee interests accepted by any public or private conservation agency. The following sections of this report

detail those land conservation donations for which a taxpayer has requested a LPTC for a land donation within the 2012 annual cap established by Virginia Code § 58.1-512.D.4.a.

To apply for a LPTC a taxpayer must have successfully recorded a conservation easement or donated land to a qualified conservation organization. The taxpayer must then submit a form LPC-1 to TAX and DCR after completing the land donation. DCR has compiled this report from the information provided to the Agency by taxpayers in form LPC-1 and confirmed this initial data with TAX. This section only summarizes the information submitted as part of the application process and may vary somewhat from the final totals managed by TAX.

Based on the information provided by taxpayers so far, 201 applications were filed for the \$111.1 million available in tax credits for 2012. Those applications requested \$56,227,473 in tax credits for donations totaling 42,085.62 acres. The annual tax-credit cap was not met by the end of the 2012 calendar year. In fact, the 2012 cap still has not been met as of October 31, 2013. In order to gather and summarize data for this annual report, applications received by TAX through July 31, 2013, are included in this report. At that time, a balance of \$54,826,527 remained in the 2012 cap.

TAX will continue to apply tax-credit applications for land donations recorded in 2012 or earlier to the 2012 cap until it is finally depleted. Meanwhile, any LPTC applications with land donations recorded in 2013 will be applied to the 2013 cap of \$100 million, creating a situation where TAX is effectively managing two separate caps of land preservation tax credits simultaneously. Next year's annual Land Preservation Tax Credit Conservation Value Summary report will provide an update on progress made in the 2012 cap as well as a summary of the 2013 cap.

Of the 42,085.62 acres conserved statewide through the 2012 LPTC as of July 31, 2013, taxpayers conserved land in 68 localities. Table 1 highlights the 12 counties where tax-payers claimed five or more LPTCs in 2012. The largest number of donations per county was in Albemarle County with 17 donations (8.46 percent of the total 2012 donations) for 1,832.47 acres total with a total LPTC value of \$4.46 million. Smyth County had the greatest numbers of acres preserved per county, at 2,569.21 acres or 6.10 percent of the total acreage. The largest number of credit dollars requested per county was in Loudoun County for \$8.59 million (15.28 percent of the total LPTCs requested) for 1,179.74 acres through 9 donations. The total of all donations under the 2012 cap was \$56,227,473 for a total of 42,085.62 acres.

Fifty-six localities each had at least one but no more than four requests for LPTC credits. Where fewer than five requests were made in any locality, the information is aggregated in order to protect tax information confidentiality in accordance with § 58.1-3.A. of the Code of Virginia. (We are utilizing the same threshold standard utilized by the Department of Taxation associated

with their data.) In those 56 localities the total dollar value of credits requested was approximately \$27.32 million, or 48.59 percent of the statewide total. The total acreage preserved in those localities was 24,855.87 acres, more than 59 percent of the statewide total.

Of the total 42,085.62 acres preserved under the 2012 LPTC program, land owners reported in their LPTC application packages that approximately 14,238 acres were currently being used for production agriculture, of which 11,996 acres (84 percent) are reported to be under onsite operational best management practices designed to protect water quality. Approximately 11,654 acres were reported as being used for active silvicultural land, of which all acreage (100 percent) are reported to be under some onsite operational best management practices.

Within the LPTC application, land owners are also asked to report on the total length of vegetated riparian buffers with a minimum width of 35 feet that are required to be maintained in their conservation easement or deed of gift. The applications for 2012 indicated a total length of 674,916 feet of forested buffers and 168,487 feet of no-plow buffers along rivers, streams, wetlands, ponds, springs, and shorelines. The two categories of buffers are differentiated by the types of activities that are restricted or allowed within the easements or deeds. Activities such as mowing or timber harvesting are restricted in forested buffers, but are allowed within no-plow buffers to maintain non-woody vegetation such as pasture or grasslands.

Of the eight conservation purposes (projects may claim multiple purposes), approximately 78 percent of the total acreage preserved in the LPTC program or 32,673.97 acres were claimed to be in the Scenic Open Space category (Table 2). The other prominent categories claimed were: Forestal Use at 21,256.19 acres or 51 percent of the total acreage, Agricultural Use at 17,891.47 acres or 43 percent, and Watershed Preservation at 14,638.55 acres or 35 percent. The remaining purposes claimed in order of rank were: Lands Designated by the Federal, State, or Local Government at 8,114.16 acres or 19 percent of the total acreage; Natural Habitat and Biological Diversity at 7,217.20 acres or 17 percent; Historic Preservation at 2,730.04 acres or 6 percent; and Natural Resource Based Outdoor Education and Recreation at 1,069.24 acres or 3 percent.

Table 1: 2012 Land Preservation Tax Credits by Locality

	County	Number of Donations	Tax Credits Requested	Percent of Statewide Tax Credits	Acres Preserved	Percent of Statewide Acres Preserved
1.	Albemarle	17	\$4,456,760	7.93%	1,832.47	4.35%
2.	Bath	6	\$1,323,800	2.35%	1,391.16	3.31%
3.	Bedford	6	\$1,244,800	2.21%	1,573.52	3.74%
4.	Clarke	6	\$565,000	1.00%	676.92	1.61%
5.	Essex	8	\$1,958,870	3.48%	2,101.15	4.99%
6.	Fauquier	14	\$4,647,800	8.27%	2,093.10	4.97%
7.	Greene	5	\$811,400	1.44%	442.39	1.05%
8.	Loudoun	9	\$8,591,776	15.28%	1,179.74	2.80%
9.	Nelson	5	\$998,000	1.77%	1,338.33	3.18%
10.	Orange	5	\$2,137,319	3.80%	1,261.45	3.00%
11.	Rockbridge	5	\$461,400	0.82%	770.31	1.83%
12.	Smyth	5	\$1,711,540	3.04%	2,569.21	6.10%
	Subtotal	91	\$28,908,465	51.41%	17,229.75	40.94%
	Other*	110	\$27,319,008	48.59%	24,855.87	59.06%
	Total	201	\$56,227,473	100%	42,085.62	100%

* Note: Localities containing at least one but no more than four donations: The Counties of Accomack, Amelia, Amherst, Appomattox, Augusta, Botetourt, Brunswick, Buckingham, Campbell, Caroline, Carroll, Chesterfield, Craig, Culpeper, Floyd, Fluvanna, Franklin, Frederick, Giles, Gloucester, Goochland, Grayson, Halifax, Henrico, Henry, Highland, King and Queen, King William, Louisa, Lunenburg, Madison, Middlesex, Montgomery, New Kent, Northampton, Northumberland, Nottoway, Patrick, Powhatan, Prince Edward, Prince William, Rappahannock, Roanoke, Rockingham, Russell, Scott, Spotsylvania, Surry, Tazewell, Warren, Washington, Westmoreland, and Wythe, and the Cities of Alexandria, Covington, and Suffolk.

Table 2: 2012 LPTC Acreages of Land Preserved by Conservation Value

	Locality	Agricultural Use	Forestral Use	Natural Habitat and Biological Diversity	Historic Preservation	Natural-Resource Based Outdoor Education & Recreation	Watershed Preservation	Preservation of Scenic Open Space	Conservation of Open Space Lands Designated by Federal, State or Local Gov't
1.	Accomack County	0.00	0.00	687.00	0.00	0.00	687.00	687.00	0.00
2.	Albemarle County	470.65	1003.08	571.80	438.4	39.8	1268.45	1345.98	823.72
3.	Alexandria City	0.00	0.00	0.00	0.26	0.00	0.00	0.26	0.26
4.	Amelia County	305.00	132.13	0.00	0.00	0.00	0.00	412.00	0.00
5.	Amherst County	0.00	155.00	159.82	0.00	0.00	159.82	159.82	0.00
6.	Appomattox County	350.00	193.00	0.00	0.00	0.00	543.39	543.39	0.00
7.	Augusta County	813.62	178.84	0.00	0.00	174.84	606.62	818.03	0.00
8.	Bath County	197.00	943.00	887.89	0.00	0.00	887.89	1390.81	0.00
9.	Bedford County	521.00	316.00	0.00	0.00	0.00	375.19	1339.54	233.39
10.	Botetourt County	550.00	550.00	550.00	0.00	0.00	550.00	550.00	0.00
11.	Brunswick County	225.00	225.00	225.00	225.00	225.00	225.00	225.00	225.00
12.	Buckingham County	0.00	128.00	0.00	0.00	0.00	0.00	86.00	0.00
13.	Campbell County	30.00	124.24	0.00	0.00	0.00	1.00	86.00	0.00
14.	Caroline County	108.00	162.00	0.00	0.00	0.00	1.00	271.00	0.00
15.	Carroll County	311.00	192.00	50.00	0.00	0.00	10.00	218.00	83.00
16.	Chesterfield County	0.00	78.00	0.00	0.00	78.00	0.00	0.00	111.02
17.	Covington City	8.00	146.39	270.00	0.00	0.00	270.00	424.39	0.00
18.	Clarke County	314.47	518.20	284.20	0.00	0.00	0.00	648.67	361.20
19.	Craig County	100.00	204.00	0.00	0.00	0.00	0.00	304.00	0.00
20.	Culpeper County	870.00	159.00	964.70	1205.7	0.00	964.70	1205.70	241.00
21.	Essex County	1045.30	833.00	0.00	0.00	0.00	114.00	1635.30	0.00
22.	Fauquier County	1385.19	336.19	0.00	134.19	0.00	57.19	2086.78	399.32
23.	Floyd County	0.00	12.84	0.00	0.00	0.00	0.00	56.87	0.00
24.	Fluvanna County	167.00	225.00	207.67	0.00	0.00	344.67	344.67	207.67
25.	Franklin County	396.00	985.24	162.00	0.00	0.00	162.00	1317.52	162.00
26.	Frederick County	0.00	126.00	0.00	0.00	0.00	210.00	210.00	0.00
27.	Giles County	0.00	47.00	0.00	0.00	0.00	47.00	47.00	0.00

28.	Gloucester County	104.38	210.11	237.72	0.00	0.00	237.72	0.00	237.72
29.	Goochland County	32.00	40.00	0.00	0.00	0.00	1.00	72.00	0.00
30.	Grayson County	102.00	172.86	47.86	47.86	0.00	48.86	49.86	132.86
31.	Greene County	92.00	187.00	116.58	0.00	0.00	349.71	588.14	474.14
32.	Halifax County	0.00	174.00	177.58	0.00	0.00	177.58	177.58	0.00
33.	Henrico County	9.43	92.72	0.00	102.15	0.00	0.00	0.00	0.00
34.	Henry County	100.00	345.00	0.00	0.00	0.00	17.00	462.00	77.72
35.	Highland County	28.00	80.00	0.00	2.09	108.04	0.00	0.00	0.00
36.	King and Queen Co.	233.00	108.00	0.00	0.00	0.00	21.00	362.00	0.00
37.	King William County	342.00	1317.76	0.00	0.00	0.00	1793.76	1225.76	0.00
38.	Loudoun County	1170.35	566.43	40.00	182.89	184.00	264.00	956.74	600.42
39.	Louisa County	157.00	67.00	0.00	174.00	67.00	70.00	341.00	174.00
40.	Lunenburg County	466.00	466.00	303.49	0.00	0.00	496.04	496.04	438.00
41.	Madison County	33.00	233.00	233.00	100.00	102.00	240.00	233.00	109.00
42.	Middlesex County	296.00	50.00	0.00	0.00	0.00	24.00	98.00	98.00
43.	Montgomery County	257.34	0.00	397.88	0.00	0.00	140.00	515.12	140.00
44.	Nelson County	15.00	1382.50	0.00	0.00	0.00	205.50	986.96	0.00
45.	New Kent County	71.30	22.90	0.00	0.00	0.00	103.00	103.00	0.00
46.	Northampton County	210.00	41.00	5.43	0.00	0.00	1.00	172.00	0.00
47.	Northumberland Co.	41.00	101.25	142.25	0.00	0.00	143.02	142.25	0.00
48.	Nottoway County	0.00	751.00	0.00	0.00	0.00	25.00	1037.00	0.00
49.	Orange County	381.69	670.00	64.00	1.00	0.00	160.69	547.69	64.00
50.	Patrick County	0.00	0.00	58.00	0.00	0.00	58.00	58.00	58.00
51.	Powhatan County	0.00	350.00	0.00	0.00	0.00	5.00	356.00	0.00
52.	Prince Edward County	0.00	1245.00	0.00	0.00	0.00	0.00	1245.00	0.00
53.	Prince William County	5.10	30.10	0.00	79.70	41.60	46.70	46.70	0.00
54.	Rappahannock County	692.65	652.65	13.00	0.00	0.00	540.15	1081.63	487.65
55.	Roanoke County	26.00	175.00	270.33	0.00	0.00	394.60	445.33	225.73
56.	Rockbridge County	267.00	416.76	0.00	36.80	0.00	0.00	712.14	257.34
57.	Rockingham County	102.00	96.00	90.00	0.00	6.00	90.00	104.00	2.00
58.	Russell County	165.00	42.00	0.00	0.00	0.00	207.00	207.00	0.00
59.	Scott County	152.00	69.00	0.00	0.00	0.00	0.00	0.00	0.00
60.	Smyth County	1539.00	1010.00	0.00	0.00	0.00	0.00	0.00	0.00
61.	Spotsylvania County	66.00	0.00	0.00	0.00	0.00	0.00.00	73.00	0.00
62.	Suffolk City	50.00	0.00	0.00	0.00	0.00	0.00	146.00	0.00
63.	Surry County	1050.00	1050.00	0.00	0.00	0.00	1050.00	1050.00	1050.00

64.	Tazewell County	294.00	73.00	0.00	0.00	0.00	0.00	367.00	0.00
65.	Warren County	138.00	745.00	0.00	0.00	0.00	243.30	883.30	640.00
66.	Washington County	43.00	1.00	0.00	0.00	0.00	0.00	44.00	0.00
67.	Westmoreland County	50.00	59.00	0.00	0.00	0.00	0.00	109.00	0.00
68.	Wythe County	943.00	190.00	0.00	0.00	42.96	0.00	766.00	0.00
		Agricultural Use	Forestal Use	Natural Habitat and Biological Diversity	Historic Preservation	Natural- Resource Based Outdoor Education & Recreation	Watershed Preservation	Preservation of Scenic Open Space	Conservation of Open Space Lands Designated by Federal, State or Local Gov't
	Acre totals statewide	17,891.47	21,256.19	7,217.20	2,730.04	1,069.24	14,638.55	32,673.97	8,114.16
	Percent of conserved acreage claiming Conservation Value	42.51%	50.51%	17.15%	6.49%	2.54%	34.78%	77.64%	19.28%

Virginia Land Conservation Foundation Stewardship Funding

In 2012, the VLCF distributed the annual land conservation Stewardship Fund deposits for the second time, pursuant to § 58.1-513C.2. of the Code of Virginia. Monies for the fund are generated by a two percent fee imposed on the sale or transfer of LPTCs. Distributions are calculated based on a three-year average of the number of donated interests accepted by the conservation agency or organization and for which the land owner applied for a tax credit during the immediately preceding three-years. During the 2012 Session of the General Assembly, legislation was enacted to clarify that Federal governmental entities are prohibited from receiving these state generated funds.

In October 2012, VLCF distributed a total of \$2,210,118 to 52 conservation agencies and organizations to specifically support their ongoing monitoring and enforcement of donated lands (Table 3). Federal entities co-hold five of the conservation easements included in the distribution. Their shares ($0.5 + 0.5 + 0.5 + 0.34 + 0.5 = 2.34$ shares) were subtracted from the grand total of 617 land donations before any calculations were made.

Table 3: 2012 VLCF Stewardship Funding Distributions

	Conservation Agency/Organization	# of Donations Received	Percentage of Total	Distribution
1	Albemarle Co Public Recreational Facilities Authority	16	2.60%	\$57,530.81
2	Appalachian Trail Conservancy	1	0.16%	\$3,595.68
3	Archaeological Conservancy	1	0.16%	\$3,595.68
4	Capital Region Land Conservancy Inc	1	0.16%	\$3,595.68
5	Central Virginia Battlefields Trust Inc	1	0.16%	\$3,595.68
6	Chesapeake Bay Foundation	0.5	0.08%	\$1,797.84
7	City of Charlottesville	1	0.16%	\$3,595.68
8	City of Lynchburg	1	0.16%	\$3,595.68
9	City of Staunton	1	0.16%	\$3,595.68
10	City of Virginia Beach	2	0.33%	\$7,191.35
11	Civil War Preservation Trust	2	0.33%	\$7,191.35
12	Clarke County Conservation Easement Authority	9.5	1.55%	\$34,158.92
13	County of Chesterfield	1.5	0.24%	\$5,393.51
14	County of Fauquier	19	3.09%	\$68,317.84
15	County of Fluvanna	1	0.16%	\$3,595.68
16	County of Goochland	2	0.33%	\$7,191.35
17	County of Northampton	0.5	0.08%	\$1,797.84

18	County of Rappahannock	0.5	0.08%	\$1,797.84
19	County of Warren	2	0.33%	\$7,191.35
20	Eastern Shore Land Trust	4.5	0.73%	\$16,180.54
21	Eastern Shore Soil & Water Conservation District	4	0.65%	\$14,382.70
22	Fairfax County Park Authority	1	0.16%	\$3,595.68
23	FASA Holdings Inc	1	0.16%	\$3,595.68
24	Historic Green Springs Inc	1	0.16%	\$3,595.68
25	Land Trust of Virginia	19.5	3.17%	\$70,115.68
26	Loudoun County Board of Supervisors	5	0.81%	\$17,978.38
27	Middle Peninsula Land Trust	1	0.16%	\$3,595.68
28	National Committee for the New River	1	0.16%	\$3,595.68
29	Nature Conservancy	5	0.81%	\$17,978.38
30	New River Soil & Water Conservation District	0.5	0.08%	\$1,797.84
31	North American Land Trust (NALT)	1	0.16%	\$3,595.68
32	Northern Neck Land Conservancy	2	0.33%	\$7,191.35
33	Northern Virginia Conservation Trust	4	0.65%	\$14,382.70
34	Old Dominion Land Conservancy Inc	11	1.79%	\$39,552.43
35	Piedmont Environmental Council	8	1.30%	\$28,765.41
36	Thomas Jefferson Soil & Water Conservation District	1	0.16%	\$3,595.68
37	Town of Front Royal	2	0.33%	\$7,191.35
38	Town of Purcellville	1	0.16%	\$3,595.68
39	Town of Wytheville	1	0.16%	\$3,595.68
40	Valley Conservation Council	0.83	0.14%	\$2,984.41
41	Virginia Commonwealth University	1	0.16%	\$3,595.68
42	Virginia Department of Conservation & Recreation	3	0.49%	\$10,787.03
43	Virginia Department of Forestry	38	6.18%	\$136,635.68
44	Virginia Department of Game & Inland Fisheries	1.5	0.24%	\$5,393.51
45	Virginia Department of Historic Resources	21	3.42%	\$75,509.19
46	Virginia Outdoors Foundation	393.83	64.07%	\$1,416,084.94
47	Virginia Youth Soccer Assn for Land Preservation	1	0.16%	\$3,595.68
48	Ward Burton Wildlife Foundation	7	1.14%	\$25,169.73
49	Western Virginia Land Trust	2	0.33%	\$7,191.35
50	Wetlands America Trust	1	0.16%	\$3,595.68

51	Wildlife Foundation of Virginia	0.5	0.08%	\$1,797.84
52	Williamsburg Land Conservancy	6	0.98%	\$21,574.05
TOTALS		614.66	100.00%	\$2,210,118.00
USDA co-holds 2.34 (0.5+0.5+0.5+0.34+0.5)		2.34	0.00%	\$0.00
Total number of easements		617		