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## LAND DONATION FACT SHEET

The population of the Ozarks is growing and pressures for development are increasing. Concerned about the future of their own land, some landowners search for options to ensure that their land is not developed in the future. Donating your land to a land trust is one option to consider if you want it to be protected for conservation purposes. This fact sheet focuses on donations of land to ORLT. A conservation easement is another option offered by ORLT that is explained in a separate fact sheet.

### HOW TO DONATE YOUR LAND FOR CONSERVATION

#### *How Can I Donate My Land Now?*

An outright gift of land for conservation is one of the most generous legacies a landowner can make to future generations. Throughout Missouri, there are parks, forestlands, and scenic open spaces that the public enjoys because of the long-term vision of conservation-minded landowners.

Donating land can have many benefits for a landowner. It can be a relatively simple and quick transaction that:

- assures the permanent protection of a family property;
- provides a charitable income tax deduction for the full fair market value of the land;
- avoids capital gains taxes on highly appreciated property, which otherwise would be due at the time of a sale;
- removes the property from the donor's taxable estate; and
- releases the donor from the expense and the responsibility of managing the land.

Each donation of land should be discussed with ORLT staff and must ultimately receive approval from the ORLT board of directors. ORLT will prepare a memorandum of understanding with the land donor to memorialize the intent behind the donation and specify what ORLT may do with the land in the future. The land's long-term protection and stewardship will also have to be secured through a deposit into ORLT's Stewardship Fund. This dedicated fund generates income for ORLT to monitor and manage its conservation lands over the long-term. There are a few steps to the land donation process, but once the landowner and land trust decide to pursue the donation, it can happen relatively quickly and easily.

### ***What if I Want to Retain Ownership of the Land During My Life?***

There are at least two options for landowners who wish to protect their land but retain control of it until their death or some other point later in time. These options are 1) immediate donation of the land subject to a reserved life estate; or 2) leaving the land to ORLT in a will or living trust.

*Donation Subject to Life Estate.* Through a gift of land subject to a life estate, the donors and their beneficiaries reserve the right to continue to live on and use the property during their lifetimes. At the end of the specified life interests, full title and control of the property automatically transfers to ORLT. Land donors should consult with ORLT to ensure that ORLT will accept the land and to memorialize the intent of the donation in writing. As with outright gifts of land, provisions will have to be made to ensure the land's long-term protection and stewardship by securing funds to deposit into ORLT's Stewardship Fund. This dedicated fund generates income for ORLT to monitor and manage its conservation lands over the long-term. With a donation of land subject to a life estate, the landowner may realize immediate tax benefits. The value of the donated interest will likely qualify as a charitable contribution.

*Leaving Land to ORLT in a Will or Trust.* Landowners may wish to retain maximum flexibility during their lifetimes by choosing to carry out their conservation plans through a bequest or a living trust. A bequest is a provision in the landowner's will that instructs the estate's executor to convey land to ORLT. A living trust can achieve the same result but avoids the probate process. Both the bequest and the living trust can assure the permanent protection of the land, permit the donor to control the property during his/her lifetime, and may reduce the donor's taxable estate. In either case, the donor's plans should be discussed with ORLT to ensure that everyone's goals can be achieved. A bequest of money to ORLT's Stewardship Fund may also be requested to ensure that adequate resources are available to protect the land in perpetuity.

### ***What if I Cannot Make a Contribution to ORLT's Stewardship Fund?***

In some cases, ORLT can work with a private landowner to find contributions or grants from other sources to deposit into ORLT's Stewardship Fund to secure the long-term protection and management of the donated land. Another option is for the landowner to donate the land to ORLT and allow ORLT to sell it subject to a conservation easement. In this situation, the land will be protected by the conservation easement and its sale will generate funds for ORLT to deposit into the Stewardship Fund for monitoring and enforcement of the conservation easement.

### ***What if My Land is not Suitable for Conservation?***

Land must have significant conservation value before a land trust will agree to protect it in perpetuity. But property without conservation value – for example, a commercial building, a house, or a building lot – can also be donated to ORLT. ORLT can sell or trade the property to help fund conservation in other areas. The donor can often take a charitable deduction for the full market value and avoid the capital gains taxes that could have resulted from selling the land.

**NOTE:** *The financial implications of land donations will vary with the specific circumstances of the landowner. Moreover, tax laws change over time and this information may become outdated. Landowners are advised to seek professional counsel to determine their specific tax benefits.*