

Conservation tax credits will return

By MIKE TRELEVEN
Register Staff Writer

Preserving open space and getting a tax incentive for doing it, will continue to be a win-win situation for Napa County property owners.

The recent passage of the Farm Bill has renewed tax incentives giving Napa County landowners a chance to protect their property from development.

The conservation easement program, which expired in December, has been renewed and is retroactive back to January.

The increased conservation easement tax benefits are slated to expire Dec. 31, 2009, unless Congress extends them again.

There is additional good news.

For a qualified Napa County farmer, the federal income tax deduction for putting a conservation easement on their land has increased to 100 percent of their adjusted gross income for up to 16 years, until the value of the donated conservation easement is used up.

Otherwise, a landowner can deduct 50 percent of his adjusted gross income for up to 16 years.

“That is what really made this sing,” said vineyard property owner Andy Beckstoffer, who is a board member of the Land Trust of Napa County.

Prior to 2006, landowners received only a 30 percent tax incentive for a maximum of six years — which did not make it attractive for property owners to pursue.

In exchange for the tax incentives, a property owner gives up development rights, but continue to own the land. And if the land is sold, the new owner must abide by the agreement.

A conservation easement makes sure the property — whether it's a vineyard, oak woodland, wildlife habitat, a hillside watershed or a viewshed — remains as intended by the landowner.

Beckstoffer has seven properties — including the famous To Kalon vineyard — in a conservation easement. He has more than 300 acres enrolled in the conservation easement program.

Beckstoffer has about 1,000 acres in Napa County and “expects to phase in the vast majority over time.”

So why do this?

“Yes, there are tax incentives. But it is not worth it, if you don't have the goal of giving back to the community. But this is what I want to leave to the community,” Beckstoffer said.

“It does give you a tremendous tax incentive for what you wanted to do anyway. If you want to preserve vineyard land this might make business sense, whereas before it was done for just emotional reasons,” Beckstoffer said.

“(This) gives Napa landowners an opportunity to take advantage of an income tax deduction, while at the same time preserving our beautiful valley,” he added.

Beckstoffer has been working on the current conservation easement plan for about four years.

“But, Mike Thompson, (D-St. Helena,) deserves a lot of the credit ... for extending these major tax benefits for conservation easement donors,” Beckstoffer said.

Elaine Honig, president of the Land Trust of Napa County, echoed the sentiments of Beckstoffer.

“Andy is the one who has really been in the trenches on this issue.”

“We are absolutely delighted that this has come through and are looking forward to protecting more of the Napa Valley,” Honig said.

Larry Turley has two Napa County properties — totaling 46 acres in the easement program and three additional vineyard properties in Paso Robles for an additional 150 acres. His vineyards became protected from development last year.

Turley learned of the program a couple of years ago when he got involved in the Land Trust of Napa County.

“I wanted to keep the land in a more rural setting — and it protects the land into perpetuity,” Turley said, who describes himself as a “contributor” to the Land Trust. “Otherwise we will end up like San Jose and I think that is a shame.”

Warren Winiarski said, “(This) contributes to the long-term viability of the valley — both the agriculture part and scenic beauty part. I think it serves a laudable public purpose. I wish there were more motivations to contribute ... so this valley can remain the treasure it is and avoid development. We have a national treasure here.”

Winiarski was a partner the SLV Vineyard, which was one of the first winegrape growing parcels to enter the conservation easement plan in the early 1990s. It is on Silverado Trail, near Yountville Crossroad.

Winiarski, who has sold his winery and vineyards, had three properties in the easement plan. “There was no trepidation on (the new buyers) part about the conservation easements,” he added.

“(This) simply restricts development. We will work with landowners to achieve their goals,” said Elizabeth Wroblecka, director of land protection, with the Land Trust of Napa County, which holds the deeds of property in conservation easements.

Land Trust of Napa County oversees 116 conservation easements totaling 21,000 acres, belonging to about 80 landowners.

Wroblecka guesses about 10 properties may apply for the tax incentive program this year. “We just don’t know.”

“Last year we had a very busy year at the Land Trust, in terms of conservation easement closings, and we look forward to two more years of increased activity among landowners seeking to protect their land,” Wroblecka said.

For more information contact Wroblecka at 261-6341.