

# Appraisal of Mineral Property Conservation Easement Donations

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# Background

- Frenzy of conservation easement donations in Colorado by 2005
- For income tax deductions and lucrative state tax credits

# Result

Crackdown by:

- IRS
- Department of Revenue
- Colorado Appraiser Board

# How it works

- Non-cash charitable donation
- Preservation purpose required
- Donate interest in the real estate to an approved conservation trust
- Donate irrevocable perpetual easement

# How it works

- Mineral related conservation easements typically prohibit all real estate and mining development.
- Typical Conservation Purposes:
  - preserve natural setting
  - Wildlife migration path preservation

# Concepts

- Before and After Donation Appraisals
  - Subtract the After Donation Value from the Before Value
- Highest and Best Use generally changes with the donation
- A Certified General Appraiser with appropriate conservation easement education signs

# Considerations Required by Treasury Regulations

- Contiguous Family-owned parcels
  - 2 generations above and below
  - Business control included
- Potentially enhanced parcels, whether or not contiguous
- Quid pro quo or incidental benefits

# Example Cases

1. River Gravel
2. Dimension Stone
3. Industrial Mineral
4. Regulators