



## MIDDLE PENINSULA CHESAPEAKE BAY PUBLIC ACCESS AUTHORITY

### MEMORANDUM

**TO:** MPCBPAA  
**FROM:** Harrison P. Bresee III, PAA Staff  
**DATE:** August 14, 2015  
**RE:** August 21, 2015 MPCBPAA Meeting

This announcement serves as notice to call a meeting of the Public Access Authority on Friday, **August 21, 2015** at or about **9:00 a.m.** The meeting will be held at the MPPDC Board Room in Saluda, VA.

If you have any questions, please call (804-758-2311) or email me ([hbresee@mppdc.com](mailto:hbresee@mppdc.com)) at your convenience.

### AGENDA

1. Call to Order
2. Approval of May 2015 Minutes
3. Financial Report
4. Public Comment
5. Property Updates
  - a. Mathews Heritage Park Proposed CUP
  - b. Capt Sinclair Pier, Living Shoreline, and Landscape Plan
  - c. Capt Sinclair-Brick Rancher: Court Judgment and AC Units
  - d. New land donations
  - e. Altruistic Giving for public benefit-marketing material
6. Lands End Subdivision Road Discussion: Next Step
7. NFWF Award VIMS assessment of PAA holdings
8. Other Business
9. Chairman Observations
10. Next Meeting: October 9, 2015
11. Adjourn

#### MEMBERS

##### Essex County

Hon. Margaret H. Davis  
(Vice Chair)

##### Gloucester County

Hon. Christopher A. Hutson

##### King and Queen County

Hon. Doris Morris

##### King William County

Dr. K. Charles Griffin

##### Mathews County

Ms. Melinda Conner  
(Chair)

##### Middlesex County

Mr. Matthew Walker

##### Town of Tappahannock

Mr. G. Gayle Belfield, Jr.

##### Town of Urbanna

Vacant

##### Town of West Point

Mr. John B. Edwards, Jr.  
(Treasurer)

Saluda Professional Center

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# MIDDLE PENINSULA CHESAPEAKE BAY PUBLIC ACCESS AUTHORITY

## MINUTES

May 2015

Capt. Sinclair Recreation Area

Gloucester, VA

### 1. Call to Order

PAA Chair Ms. Mindy Conner called the meeting to order at 11:45 a.m.

Attending were: Ms. Margaret H. Davis, Essex County; Mr. Reese Peck, Essex County; Mr. Chris Hutson, Gloucester County; Mr. Tom Schwartzwelder, King and Queen County; Mr. Bret Schardein, King William County; Mr. Matt Walker, Middlesex County; Mr. John Edwards, Town of West Point; The team from the Master of Urban and Regional Planning (MURP) Program through the Center for Urban and Regional Analysis (CURA) in the L. Douglas Wilder School of Government and Public Affairs at Virginia Commonwealth University (VCU); Ms. Beth Johnson, MPPDC Staff; Mr. Harrison P. Bresee III, MPPDC Staff; and Mr. Lewis Lawrence, MPPDC Staff.

### 2. Approval of March 2015 Minutes

Ms. Melinda Conner requested a motion to approve the March 2015 minutes. Mr. Tom Schwartzwelder moved that the minutes be approved. Mr. Chris Hutson seconded the motion. Ms. Melinda Conner, Chair, asked for any discussion. Motion carried by unanimous vote.

### 3. Financial Report

Ms. Melinda Conner requested a motion to approve the March 2015 financial report. Mr. Tom Schwartzwelder moved that the report be approved. Mr. Matt Walker seconded the motion. Ms. Melinda Conner, Chair, asked for any discussion. Motion carried by unanimous vote.

### 4. Public Comment

The VCU team asked about camping opportunities on MPCBPAA properties. So far, no properties have camping options.

### 5. Captain Sinclair Adaptive Re-use Plan (VCU)

Mr. Lawrence introduced the team from The Master of Urban and Regional Planning (MURP) program through the Center for Urban and Regional Analysis (CURA) in the L. Douglas Wilder School of Government and Public Affairs at Virginia Commonwealth University (VCU). The team presented the final report for the Captain Sinclair's Adaptive Re-use plan which can be found at:

<https://drive.google.com/file/d/0B5u0Va5N3JjsbVJiWkoxOWVQYkU/view?pli=1>

Built off of public input, the plan follows six goals, three "wills" and three "shoulds." The site will enhance community quality of life, will be environmentally sensitive and sensible, and will be economically viable. The site should feature an attractive design, should generate revenue, and should be easily implementable.

The plan features two schemes: passive and active.

Mr. Peck made a motion to accept the plan as presented. Mr. Hutson seconded the motion. Ms. Melinda Conner, Chair, asked for any discussion. Motion carried by unanimous vote.

**6. MPCBPAA Annual Work Plan (2015-16)**

Mr. Lawrence presented the 2015-15 MPCBPAA Annual Work Plan. The plan identified 7 program areas for the year: 1) MPCBPAA Admin and Local Public Access Technical Assistance; 2) Public Access Land Transfers and VDOT Research; 3) Capt. Sinclair Waterfront Property Re-use/Va Sea Grant; 4) Virginia Interactive Online Reservation System; 5) Mathews Heritage Park; 6) Haworth, Clay, and Cpt. Sinclair Timber Management; and 7) Water Access Strategic Planning.

Ms. Conner noted that the Mathews County Board of Supervisors would be discussing the Mathews Heritage Park at their June 2015 meeting. Mr. Schwartzwelder made a motion to approve Clearwater Forestry's proposal for Boundary Line marking on the Clay and Haworth Tracts for \$1,050.00 and \$850.00 respectively and Debris Pile Removal (\$2,800.00) on the Haworth Tract as identified in Program 6 of the Annual Work Plan. Mr. Chris Hutson seconded the motion. Ms. Melinda Conner, Chair, asked for discussion. Motion carried by unanimous vote.

Ms. Melinda Conner asked for a motion to approve the work plan. Mr. Tom Schwartzwelder moved that the work plan be approved. Mr. Matt Walker seconded the motion. Ms. Melinda Conner, Chair, asked for any discussion. Motion carried by unanimous vote.

**7. Potential Land Donations to the MPCBPAA**

Mr. Lawrence discussed the two potential land donations included in the agenda packet: Adams Creek property (a 9.2 acre parcel of land on Adams Creek in Gloucester County, Virginia identified in the land records of Gloucester County on Tax Map # 0215 E as owned by Dave H. Dea and Dorothy A. Dea) and York River-Guinea/Big Island property (a 2.0 acres parcel of land in Gloucester County, Virginia identified in the land records of Gloucester County as parcel TB 53-249 and further described in Deed Book 79, Page 417, Deed Book 76, Page 179, and Deed Book 261, Page 157 and owned by M.W. McMurrin and Sue G. Redd), both in Gloucester, Virginia.

Mr. Tom Schwartzwelder made a motion to accept the deed of gift for the Adams Creek property with the resolution provided by MPCBPAA staff. Mr. Hutson seconded the motion. Ms. Melinda Conner, Chair, asked for any discussion. Motion carried by unanimous vote.

Mr. Tom Schwartzwelder made a motion to accept the deed of gift for the York River-Guinea/Big Island property with the resolution provided by MPCBPAA staff. Mr. Walker seconded the motion. Ms. Melinda Conner, Chair, asked for any discussion. Motion carried by unanimous vote.

## **8. Lands End Subdivision Road Discussion**

Mr. Lawrence discussed the April 3, 2015 MPCBPAA letter to Mr. Ted Wilmot, Gloucester County Attorney and Mr. Wilmot's April 20, 2015 response letter (both letters were included in the agenda packet). The PAA letter requested a determination by Gloucester County as to the full ownership of three platted roads of the Lands End Subdivision from a Subdivision plan dated August 23, 1967, and approved by the Gloucester County Board of Supervisors in 1967. Mr. Wilmot's response states that Gloucester County does not own the roads. Further, Mr. Wilmot was not able to determine the ownership of the roads.

The PAA board directed PAA Staff to seek an opinion from the Commonwealth of Virginia Attorney General.

## **9. Other Business**

Mr. Lawrence presented a potential Mathews County land donation of several lots owned by Chesapeake Bank. The PAA Board discussed the matter and directed PAA Staff to research to property further to clarify which lots were being offered, if there were any deed restrictions, and if a Homeowners Association existed.

## **10. Chairman Observations**

None.

## **11. Next Meeting**

The Next Middle Peninsula Chesapeake Bay Public Access Authority Meeting is scheduled for June 12, 2015 at 11:00 am in the Middle Peninsula Planning District Commission's Regional Board Room.

## **12. Adjourn**

On a motion by Mr. Matt walker and seconded by Mr. Reese Peck, and by unanimous vote, the meeting adjourned at 1:43 pm.

## Agencywide Line Item Revenues and Expenditures

Middle Peninsula Chesapeake Bay Public Access Auth

Run Date: 08/14/2015  
Run Time: 10:37:35 am  
Page 1 of 1

Period: 07/01/2015 to 07/31/2015

**Without Indirect Detail**

Code & Description	Budget	Current	YTD	Un/Ovr	% Bud
<b>Revenues</b>					
40101 DCR	0.00	74.91	74.91	-74.91	0.00%
40102 Virginia Environmental Endowmen	12,000.00	0.00	0.00	12,000.00	0.00%
40200 Interest Income	372.00	36.98	36.98	335.02	9.94%
40203 Donations - JDK Memorial Fund	0.00	1,389.12	1,389.12	-1,389.12	0.00%
40210 Miscellaneous Income	0.00	1,618.13	1,618.13	-1,618.13	0.00%
40211 Access Fees	1,200.00	432.53	432.53	767.47	36.04%
40212 Rental Income	25,200.00	15,648.04	15,648.04	9,551.96	62.10%
40213 Timber Sales	20,000.00	6,314.29	6,314.29	13,685.71	31.57%
<b>Revenues</b>	<b>58,772.00</b>	<b>25,514.00</b>	<b>25,514.00</b>	<b>33,258.00</b>	<b>43.41%</b>
<b>Expenses</b>					
52100 Property Insurance	3,429.00	1,097.00	1,097.00	2,332.00	31.99%
52101 Facilities Maintenance	5,500.00	221.55	221.55	5,278.45	4.03%
52102 Flood Insurance	3,800.00	0.00	0.00	3,800.00	0.00%
52110 Utilities	0.00	-35.84	-35.84	35.84	0.00%
53001 Depreciation Expense	1,850.00	0.00	0.00	1,850.00	0.00%
53002 Supplies	0.00	119.94	119.94	-119.94	0.00%
53004 Equipment	0.00	50.50	50.50	-50.50	0.00%
56001 Consulting/Contractual	25,220.00	644.14	644.14	24,575.86	2.55%
56002 Audit	3,000.00	0.00	0.00	3,000.00	0.00%
56003 Accounting	522.00	388.50	388.50	133.50	74.43%
56004 Legal	12,000.00	0.00	0.00	12,000.00	0.00%
56007 Fees & Permits	0.00	66.00	66.00	-66.00	0.00%
56008 Public Officials Insurance	0.00	617.50	617.50	-617.50	0.00%
57900 Miscellaneous Expense	1,400.00	0.00	0.00	1,400.00	0.00%
<b>Expenses</b>	<b>56,721.00</b>	<b>3,169.29</b>	<b>3,169.29</b>	<b>53,551.71</b>	<b>5.59%</b>
<b>Agency Balance</b>	<b>2,051.00</b>	<b>22,344.71</b>	<b>22,344.71</b>		

# Balance Sheet

Middle Peninsula Chesapeake Bay Public Access Auth

Period From : 07/01/15 to 07/31/15

Run Date: 8/13/15  
Run Time: 1:36:04 pm  
Page 1 of 2

## Assets:

10000	Checking	14,262.68
10001	C&F MMKT - Restricted	100,227.48
10100	LGIP	1,007.28
10200	Security Deposit Escrow	1,000.00
10500	Rents Receivable	1,080.00
11001	Browne Tract	216,964.00
11002	Clay Tract	540,369.00
11003	Haworth, Dragon Run, Jackson Tracts	399,760.00
11004	Hall Tract	305,700.00
11005	Shenk Property	260,400.00
11006	Captain Sinclair Landing	1,423,600.00
11007	Perrin Wharf	16,151.00
11008	Sloop Landing	49,400.00
11009	Dutchmans Point	167,900.00
11010	Healy Creek Property	334,800.00
11013	Horn Harbor	11,000.00
11050	Accumulated Depreciation	-39,118.00
13000	Equipment	5,303.00

**Total Assets:** \$3,809,806.44

## Liabilities:

20000	Accounts Payable	932.64
20100	Security Deposit	1,000.00

**Total Liabilities:** \$1,932.64

## Projects

30016	FY16 PAA Administration	-1,300.63
31002	Clay Tract Administration	-84.49
31003	Haworth Tract Administration	-103.63
31006	Captain Sinclair Landing Property Administration	22,083.36
31008	Land Acquisitions	1,389.12
31009	Perrin Wharf Administration	360.98
39000	General Fund Balance	2,217,317.48
39100	Restricted - Fed Program Income	105,418.61
39101	Restricted _ Federal	1,157,093.00
39102	Restricted - by Deed	305,700.00

**Total Projects** \$3,807,873.80

**Total Liabilities and Projects** 3,809,806.44

**Net Difference to be Reconciled** \$0.00

**Total Adjustment** \$0.00

**Unreconciled Balance** \$0.00

# Balance Sheet

Middle Peninsula Chesapeake Bay Public Access Auth

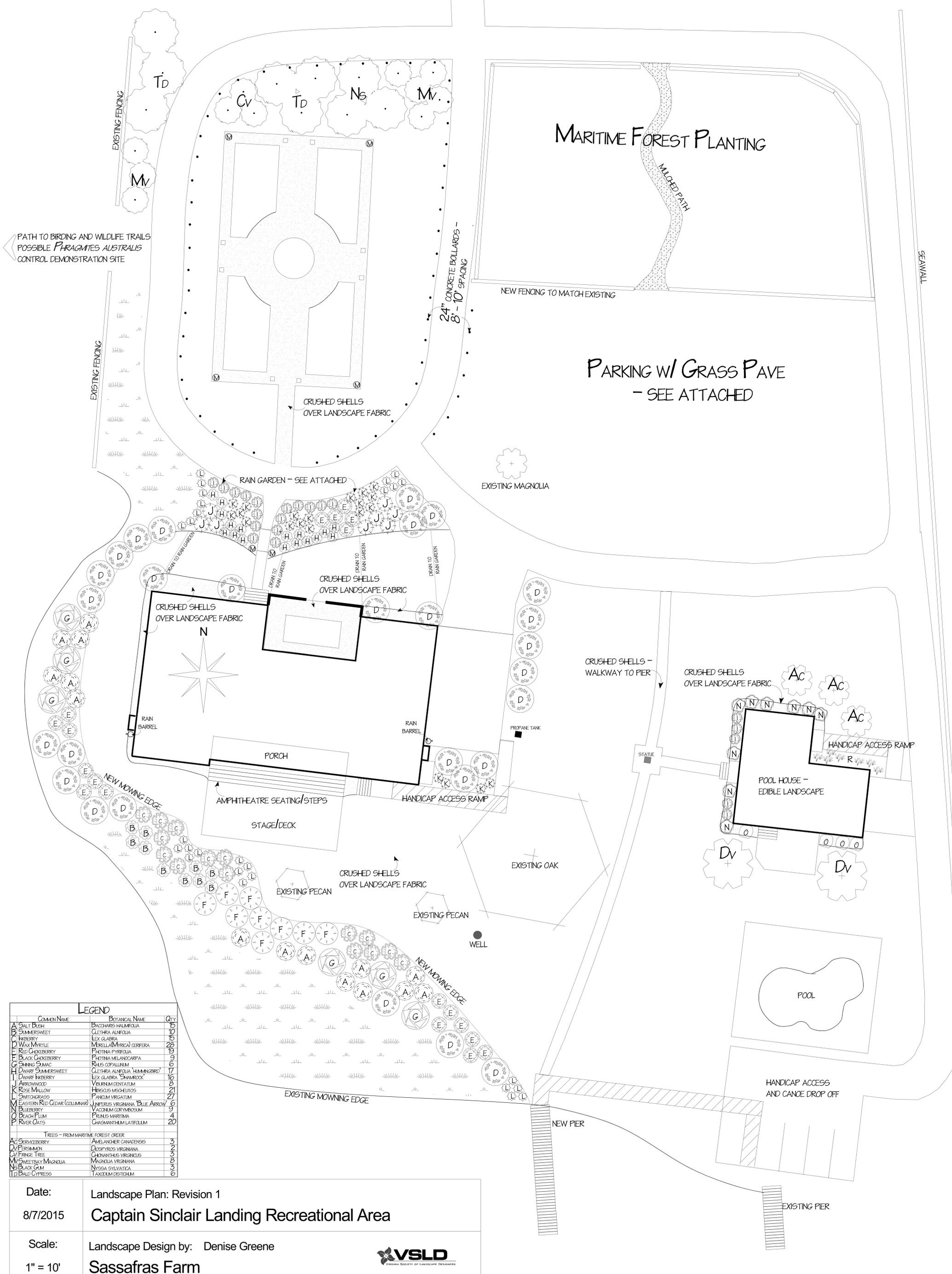
Period From : 07/01/15 to 07/31/15

Run Date: 8/13/15  
Run Time: 1:36:04 pm  
Page 2 of 2

## Reconciling Items .....

(1) Paid Salaries are	0.00	
Timesheets show	0.00	
Difference		0.00
(2) Leave accrued this year	0.00	
(3) Fringe Pool is	0.00	
Fringe allocated	0.00	
Difference		0.00
(4) Indirect Pool is	0.00	
Indirect Allocated	0.00	
Difference		0.00

Total adjustments	<u>                    </u>	<u>                    </u>
		\$0.00



LEGEND		
COMMON NAME	BOTANICAL NAME	QTY
A SALT BUSH	BACCHARIS HALIMIFOLIA	15
B SUMMERSWEET	CLETHRA ALNIFOLIA	10
C INBERRY	LEX GLABRA	15
D WAX MYRTLE	MERELLA (MYRTICA) CERIFERA	28
E RED CHOKEBERRY	PHYTOLIA PYRIFOLIA	19
F BLACK CHOKEBERRY	PHYTOLIA MELANOCARPA	9
G SHINING SUMAC	Rhus COPALLINUM	6
H DWARF SUMMERSWEET	CLETHRA ALNIFOLIA 'HUMMINGBIRD'	17
I DWARF INBERRY	LEX GLABRA 'SHAWBROOK'	10
J ARROWWOOD	VERBURNUM DENTATUM	8
K ROSE MALLOW	HERBOLUS MOSCHATOS	21
L SWITCHGRASS	PANDUM VIRGATUM	27
M EASTERN RED CEDAR (COLUMNAR)	JUNIPERUS VIRGINIANA 'BLUE ARROW'	6
N BLEBBERRY	VACCINIUM CORUMBOSUM	9
O BEACH PLUM	FRAXINUS MARITIMA	4
P RIVER OATS	CHASMANTHUM LATIFOLIUM	20
TREES - FROM MARITIME FOREST ORDER		
Ac	AVELANCHER CANADENSIS	3
Dv	DOGWOOD VIRGINIANA	3
Mv	CHONANTHUS VIRGINICUS	3
Ns	MAGNOLIA VIRGINIANA	3
Nb	NYSSA SYLVATICA	3
Td	TAXODIUM DISTICHUM	3

Date: 8/7/2015  
 Scale: 1" = 10'

Landscape Plan: Revision 1  
**Captain Sinclair Landing Recreational Area**  
 Landscape Design by: Denise Greene  
**Sassafras Farm**



SEAWALL

MARITIME FOREST PLANTING

PARKING W/ GRASS PAVE  
 - SEE ATTACHED

MULCHED PATH

NEW FENCING TO MATCH EXISTING

24" CONCRETE BOLLARDS -  
 8' - 10' SPACING

CRUSHED SHELLS  
 OVER LANDSCAPE FABRIC

RAIN GARDEN - SEE ATTACHED

CRUSHED SHELLS  
 OVER LANDSCAPE FABRIC

CRUSHED SHELLS  
 OVER LANDSCAPE FABRIC

CRUSHED SHELLS -  
 WALKWAY TO PIER

CRUSHED SHELLS  
 OVER LANDSCAPE FABRIC

PORCH  
 AMPHITHEATRE SEATING/STEPS  
 STAGE/DECK

HANDICAP ACCESS RAMP

HANDICAP ACCESS RAMP

POOL HOUSE -  
 EDIBLE LANDSCAPE

POOL

HANDICAP ACCESS  
 AND CANOE DROP OFF

EXISTING PIER

NEW PIER

EXISTING OAK

WELL

EXISTING PECAN

CRUSHED SHELLS  
 OVER LANDSCAPE FABRIC

EXISTING PECAN

EXISTING FENCING

EXISTING FENCING

PATH TO BIRDING AND WILDLIFE TRAILS  
 POSSIBLE PHRAGMITES AUSTRALIS  
 CONTROL DEMONSTRATION SITE



# Donate Waterfront Land for Public Benefit

Only one percent of Virginia's coastal land is publicly owned. For those who don't live on the water, getting access could be impossible.

Increasing access to the Chesapeake Bay and its tributaries is the goal of the Middle Peninsula Chesapeake Bay Public Access Authority, and thanks to the generosity of land donors, Virginians are gaining access to the water.

The Middle Peninsula Chesapeake Bay Public Access Authority began accepting land donations in 2006. Since then we've increased our public land along the coast by 100s of acres, expanding the public spaces where Virginians can kayak, hike, and participate in other outdoor activities. (For a map of sites, visit [www.mppaa.com](http://www.mppaa.com).)

Today, the Public Access Authority gratefully accepts land donations to support its mission in providing Virginians with access to the water.

## Why Donate?

Land donors cite several reasons and benefits for donating property:

- Leave a Legacy
- Inspire the Next Generation
- Support Your Economy
- Receive Tax Benefits

## Criteria for Donation

To be eligible to donate land to the Middle Peninsula Chesapeake Bay Public Access Authority, your land must meet these three criteria

- Have clear property title
- Be adjacent to the water
- Be in Virginia's Middle Peninsula

## Leave a Coastal Legacy

Whether you are considering land donation as a piece of your long-term estate planning or you are considering donating today, your donation supports the cultural heritage of the Middle Peninsula.

Since the founding of America, Middle Peninsula residents have had close ties to the water. Fishing, seafood processing, and boat building have supported families for centuries.

Today, fewer individuals are employed in these coastal industries—and that's why coastal access is so important! Access to the water is the only thing standing between coastal residents and their coastal heritage. The next generation might not work the water, but they can still achieve pride in the region's cultural heritage through recreational activities.

## Foster the Next Generation of Environmental Stewards

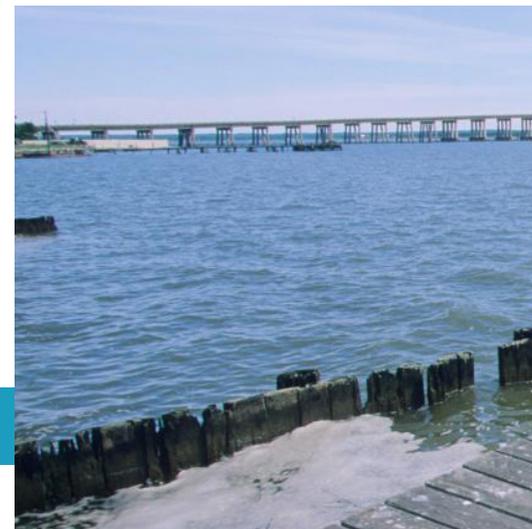
When children have positive, first-hand experiences in nature, they are more likely to become adults who value and care for their environment. And when they have children, they are more likely to bring their children out into nature. This connection to the natural world sparks more outdoor experiences, and research shows that playing in nature has even greater benefits for children, including stronger

- awareness, reasoning, and observational skills
- balance, coordination, and agility
- immune systems
- creativity and imagination

## Support Your Local Economy

Conserving public space can actually be good for the local economy. Research shows that natural areas can

- increase property values
- encourage tourism
- improve community health
- reduce your community's overall premiums for federal flood insurance



# Receive Tax Benefits\*

## Federal Income Tax Benefit

Donated land is considered a noncash contribution meeting the conservation purposes of IRS regulations. Under this definition the value of donated land may be deducted at a rate of 30% of the donor's adjusted gross income per year, and the unused deduction may be carried forward for an additional five years, for a total of six years.

## State Income Tax Benefit

Those who donate conservation land receive a tax credit equal to 40% of the value of the donated land ("Virginia Land Conservation Incentives Act of 1999"). Any unused credit may be carried forward for an additional 10 years, for a total of 11 years. More information is available on the Virginia Department of Taxation website:

<http://www.tax.virginia.gov/content/land-preservation-tax-credit>

## Some Fine Print:

- \$100,000 is the maximum amount of tax credit that a land donor can apply in a given year.
- Donors who have more tax credits than they can use may transfer or sell the credits to other taxpayers, subject to fees.
- An appraiser who has earned an appraisal designation from a recognized professional appraiser organization can be used to determine the value of the land.
- Land that generates more than \$1 million in tax credits requires verification by the Department of Conservation and Recreation.
- \$100 million is the maximum amount tax credits the Virginia Department of Taxation will authorize in a year; credits are issued on a first-come-first-serve basis until the cap is reached.

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\*This is meant for informational purposes only. Those considering land donation should consult their accountant or attorney to learn more about how these tax benefits may apply.





# Ready to Leave a Coastal Legacy?

**Making a difference is easy as one, two, three!**

**1. Contact the Public Access Authority to discuss land donation for public benefit.**

The Middle Peninsula Chesapeake Bay Public Access Authority is grateful that you're considering donating your property, and we're here to help talk through any of your questions and concerns to help you decide whether land donation is right for you—and the authority.

**2. Work with the Public Access Authority to arrange an appraisal.**

When you're ready, the Public Access Authority can suggest specialists who may be available to assist, such as conservation land attorneys and appraisers. A qualified appraiser holds an appraisal designation from a recognized professional appraisal organization, and this designation is required to donate land to the Public Access Authority.

**3. The land will be legally transferred to the Public Access Authority.**

The final step in land donation is the legal transfer of land, which is similar to closing on a house. The donor will sign over the property to the Middle Peninsula Chesapeake Bay Public Access Authority.

## Contact Us

Learn more about the process of donating land to the Middle Peninsula Chesapeake Bay Public Access Authority.

Lewie Lawrence  
804-758-2311  
[LLawrence@mppdc.com](mailto:LLawrence@mppdc.com)  
[www.mppaa.com](http://www.mppaa.com)



**Virginia Coastal Zone**  
MANAGEMENT PROGRAM



## What can you do...

when your client decides that it is too complicated to build on or sell their waterfront property?

### It's a tough situation...

Sometimes owners of waterfront land discover their property isn't what they hoped.

They find that they can't sell their property because flood insurance premiums scare away buyers.

They discover that septic system installation would be too costly.

Whatever the reason, there are times when a coastal landowner's plans get usurped by the water.

### ...but there are options.

## Talk to Property Owners About Donating Waterfront Land for Public Use

**Say**

**One option to consider is land donation.**

Odds are when landowners contact a surveyor, soil scientist, or real-estate agent, they don't intend to donate their land. While the situation is not ideal, land donation is an option they should be aware of as they make the next decision.

**Say**

**Land donation offers tax benefits that help offset the loss of the property.**

The value of donated land may be deducted on federal and state income taxes, and Virginia provides an additional income tax credit for the value of the donation. For more information, refer the landowner to their tax professional.

**Say**

**For more information, go to [www.mppaa.com](http://www.mppaa.com).**

From the front page of the website, landowners can find links to more about the benefits and process of donating land to the Middle Peninsula Chesapeake Bay Public Access Authority.



**Virginia Coastal Zone**  
MANAGEMENT PROGRAM

# Examples on Tax Benefits for Donating Waterfront Land for Public Access

One benefit for an individual donating private land for public water access is realizing significant deductions in Federal and Virginia state income taxes. These examples are for illustrative purposes only. For more information on how these benefits apply to your situation, contact your tax professional.

## Summarizing Tax Benefits

The donation of conservation land is considered a charitable gift and the value of the donation may be deducted from the donor's income. Here's how the deduction is calculated.

### **1. Adjusted Gross Income (AGI) is Lowered up to 30%.**

This maximum 30% reduction in your AGI applies to your Federal and Virginia state tax filing. For example, if your current AGI is \$100,000, before donation, it could be reduced by but to 30%, and your new AGI could be as low as \$70,000.

### **2. This Reduction May be Applied Over Multiple Years.**

The reduced AGI can be used for up to six years or until the total tax savings equals the value of the donated land, whichever comes first. Using the example above, lowering your tax benefit by 30% means you've lowered your AGI by \$30,000 per year. At this rate, over 6 years, you will have had a total reduction of \$180,000: 6 years x \$30,000/year = \$180,000. If the value of the land donated is greater than that amount, you will receive reduced AGI for 6 years. If the value of donated land is less than that amount, you will only carry over the reduction until your total savings equals the value of the land. If the land was valued at \$120,000 for example, you will only receive a reduced AGI for four years: 4 years x \$12,000/year = \$120,000.

### **3. Virginia Offers Additional Tax Credits.**

The Virginia Land Conservation Incentives Act of 1999, as amended, offers a state income tax credit for those who donate land for conservation purposes. The credit is 40% of the value of the donated land and unused credit in year one can be carried over for 10 more years. Unused credit may be sold or transferred.

## Examples of Tax Benefits

The examples on the next page describe three tax benefit scenarios.

These examples are for illustrative purposes only. For more information, contact your tax professional.

## Example #1: \$250,000 Adjusted Gross Income, \$500,000 Value of Donated Land

In this example, the land donor can reduce the original adjusted gross income by 30% for the maximum allowed six years. The donor will have unused Virginia tax credits that can be sold.

### Lower Adjusted Gross Income by 30%

$$\begin{aligned} \text{New AGI} &= \text{Original AGI} - (\text{Original AGI} \times 30\%) \\ &= \$250,000 - (\$250,000 \times 30\%) \\ &= \$175,000 \end{aligned}$$

### Apply the Lower AGI Over Multiple Years on Federal and Virginia Taxes

The New AGI calculated in the above step can be used in year 1 and carried over for as many as 5 more years, or until the total income reduction equals the value of donated land. In this example, the income reduction is calculated at \$75,000: of the Original AGI x 30%. After 6 years, the total reduction will be \$450,000: \$75,000/year x 6 years. Because the total reduction (\$450,000) is less than the value of the donated land (\$500,000), the reduction may be taken each of the 6 years. The table below demonstrates the tax savings that occurs due to the charitable contribution.

	Federal Income Tax	Virginia Income Tax
<b>Before Donation Tax</b>	<b>\$82,500</b>	<b>\$14,117</b>
(Original AGI x Tax Rate)	(\$250,000 x 33%)	(((\$250,000 - \$17,000) x 5.75% + \$720)
<b>After Donation Tax</b>	<b>\$57,750</b>	<b>\$9,805</b>
(New AGI x Tax Rate)	(\$175,000 x 33%)	(((\$175,000 - \$17,000) x 5.75% + \$720)
<b>Annual Tax Savings</b>	<b>\$24,750</b>	<b>\$4,312</b>
(Before Tax - After Tax)	(\$82,500 - \$57,750)	(\$14,117 - \$9,805)
<b>Tax Savings Over 6 Years</b>	<b>\$148,500</b>	<b>\$25,872</b>
(Annual Credit x 6)	(\$24,750 x 6)	(\$4,312 x 6)
<b>Combined Tax Savings</b>	<b>\$174,375</b>	
(Federal + Virginia)	(\$148,500 + \$25,872)	

### Calculate Virginia Tax Credit Benefit

Virginia tax credits may be used up to 11 years or can be sold. If sold, the tax credits are subject to a transfer fee, and the sale will be subject to Federal tax. In this example, Virginia Income Tax is calculated at \$9,805/year (table above). The available tax credit is \$200,000: 40% of the value of the donated land. The available tax credits (\$200,000) are greater than the estimated taxes collected during 11 years (\$9,805/year x 11 = \$107,855). Therefore there will be unused credits. Let's say the land donor decides to apply \$100,000 credits to their Virginia taxes and sell the remaining \$100,000.

$$\begin{aligned} \text{Income from sale of Virginia Tax Credits} &= \text{Tax credit original value} \times \text{Sale rate} \\ &= \$100,000 \times 0.91 \\ &= \$91,000 \end{aligned}$$

$$\begin{aligned} \text{Transfer fee for sale of Tax Credits} &= \text{Tax credit original value} \times \text{VA Dept. of Taxation transfer fee} \\ &= \$100,000 \times 2\% \\ &= \$2,000 \end{aligned}$$

$$\text{Increase in Federal income tax from sale of credits} = \$13,530$$

### Total Benefit from Land Donation

$$\begin{aligned} \text{Total Benefit} &= \text{Lowered AGI} + \text{Credits Applied} + \text{Credits Sold} - \text{Transfer Fee} - \text{Tax from Credit Sale} \\ &= \$174,470 + \$100,000 + \$91,000 - \$2,000 - \$13,530 = \mathbf{\$349,845} \end{aligned}$$

These examples are for illustrative purposes only. For more information, contact your tax professional.

## Example #2: \$150,000 Adjusted Gross Income, \$500,000 Value of Donated Land

In this example, the land donor can reduce the original adjusted gross income by 30% for the maximum allowed six years, moving the donor into a lower Federal tax bracket. The donor will have unused Virginia tax credits that can be sold.

### Lower Adjusted Gross Income by 30%

$$\begin{aligned} \text{New AGI} &= \text{Original AGI} - (\text{Original AGI} \times 30\%) \\ &= \$150,000 - (\$150,000 \times 30\%) \\ &= \$105,000 \end{aligned}$$

### Apply the Lower AGI Over Multiple Years on Federal and Virginia Taxes

In this example, the New AGI results in a lower Federal tax bracket. Because the land donation value is greater than the savings in Federal tax, the New AGI can be applied for all six allowed years.

	Federal Income Tax	Virginia Income Tax
<b>Before Donation Tax</b>	<b>\$42,000</b>	<b>\$8,367.50</b>
(Original AGI x Tax Rate)	(\$150,000 x 28%)	(((\$150,000 - \$17,000) x 5.75% + \$720)
<b>After Donation Tax</b>	<b>\$26,250</b>	<b>\$5,780</b>
(New AGI x Tax Rate)	(\$105,000 x 25%)	(((\$105,000 - \$17,000) x 5.75% + \$720)
<b>Annual Tax Savings</b>	<b>\$15,750</b>	<b>\$2,587.50</b>
(Before Tax - After Tax)	(\$42,000 - \$26,250)	(\$8,367 - \$5,780)
<b>Tax Savings Over 6 Yrs</b>	<b>\$94,500</b>	<b>\$15,525</b>
(Annual Credit x 6)	(\$15,750 x 6)	(\$2,587.50 x 6)
<b>Combined Tax Savings</b>	<b>\$110,025</b>	
(Federal + Virginia)	(\$94,500 + \$15,525)	

### Calculate Virginia Tax Credit Benefit

Virginia tax credits may be used up to 11 years or can be sold. If sold, the tax credits are subject to a transfer fee, and the sale will be subject to Federal tax. In this example, Virginia Income Tax is calculated at \$5,780/year (table above). The available tax credit is \$200,000, which is 40% of the value of the donated land. The available tax credits (\$200,000) are greater than the estimated taxes collected during 11 years (\$5,780/year x 11 = \$63,580). Therefore there will be unused credits. Let's say the land donor decides to apply \$60,000 of credits to Virginia tax and sell the remaining \$140,000.

$$\begin{aligned} \text{Income from sale of Virginia Tax Credits} &= \text{Tax credit original value} \times \text{Sale rate} \\ &= \$140,000 \times 0.91 \\ &= \$127,400 \end{aligned}$$

$$\begin{aligned} \text{Transfer fee for sale of Tax Credits} &= \text{Tax credit original value} \times \text{VA Dept. of Taxation transfer fee} \\ &= \$140,000 \times 2\% \\ &= \$2,800 \end{aligned}$$

$$\text{Increase in Federal income tax from sale of credits} = \$24,500$$

### Total Benefit from Land Donation

$$\begin{aligned} \text{Total Benefit} &= \text{Lowered AGI} + \text{Credits Applied} + \text{Credits Sold} - \text{Transfer Fee} - \text{Tax from Credit Sale} \\ &= \$110,025 + \$60,000 + \$127,400 - \$2,800 - \$24,500 = \mathbf{\$270,125} \end{aligned}$$

These examples are for illustrative purposes only. For more information, contact your tax professional.

### Example #3: \$450,000 Adjusted Gross Income, \$500,000 Value of Donated Land

In this example, the land donor will reduce their original adjusted gross income by the full 30% in the first years and a partial reduction in year four. (Total reduction over this timeframe is equal to the value of donated land.) The donor will use Virginia tax credits within eight years.

#### Lower Adjusted Gross Income by 30%

$$\begin{aligned} \text{New AGI} &= \text{Original AGI} - (\text{Original AGI} \times 30\%) \\ &= \$450,000 - (\$450,000 \times 30\%) \\ &= \$315,000 \end{aligned}$$

#### Apply the Lower AGI Over Multiple Years on Federal and Virginia Taxes

The reduced AGI may only be applied until the total AGI reduction equals the value of the donated land. In this case, a 30% reduction of the Original AGI is \$135,000. Over the first three years, the total reduction equals \$405,000. Therefore in year four, the donor cannot take the entire 30% reduction. Instead year four AGI will be reduced by \$95,000: the value of donated land minus the total reduction in years one through three. The table below calculates tax savings for years one through three and year four for Virginia and Federal income tax.

	Federal Income Tax	Virginia Income Tax
<b>Before Donation Tax</b>	<b>\$178,200</b>	<b>\$25,617.50</b>
(Original AGI x Tax Rate)	(\$450,000 x 39.6%)	(((\$450,000 – \$17,000) x 5.75% + \$720)
<b>After Donation Tax (Yrs 1-3)</b>	<b>\$103,950</b>	<b>\$17,855</b>
(New AGI x Tax Rate)	(\$315,000 x 33%)	(((\$315,000 – \$17,000) x 5.75% + \$720)
<b>Tax Savings (Yrs 1-3)</b>	<b>\$222,750</b>	<b>\$23,287.50</b>
(Before Tax – After Tax yr1-3) x 3	(\$178,200 – \$26,250) x 3	(\$25,617.50 – \$17,855) x 3
<b>After Donation Tax (Yr4)</b>	<b>\$117,150</b>	<b>\$20,155</b>
(Remaining AGI x Tax Rate)	(\$355,000 x 33%)	(((\$355,000 – \$17,000) x 5.75% + \$720)
<b>Tax Savings (Yr4)</b>	<b>\$61,050</b>	<b>\$5,462.50</b>
(Before Tax – After Tax Yr4)	(\$178,200 – \$117,150)	(\$25,617.50 – \$20,155)
<b>Tax Savings Over 1-4Yrs</b>	<b>\$283,800</b>	<b>\$28,750</b>
(Tax Savings Yrs1-3 + Tax Savings Yr4)	(\$222,750 + \$61,050)	(\$23,387.50 + \$5,462.50)
<b>Combined Tax Savings</b>	<b>\$312,550</b>	
(Federal + Virginia)	(\$283,800 + \$28,750)	

#### Calculate Virginia Tax Credit Benefit

Virginia tax credits may be used up to 11 years or can be sold. In this case, the donor has \$200,000 tax credits available: 40% of value of donated land. The donor will use all of these credits within an eight-year time frame, and opts to not sell any of these credits

#### Total Benefit from Land Donation

$$\begin{aligned} \text{Total Benefit} &= \text{Lowered AGI} + \text{Credits Applied} \\ &= \$312,550 + \$200,000 \\ &= \mathbf{\$512,550} \end{aligned}$$

These examples are for illustrative purposes only. For more information, contact your tax professional.