

1 State of Arkansas
2 88th General Assembly
3 Regular Session, 2011

HR 1032

4
5 By: Representative Cheatham
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7 **HOUSE RESOLUTION**

8 ENCOURAGING LANDOWNERS, CONSERVATION ORGANIZATIONS,
9 AND THE STATE OF ARKANSAS TO TAKE FULL ADVANTAGE OF
10 FEDERALLY-APPROVED AND STATE-APPROVED POLICIES TO
11 SUSTAIN THE STRENGTH OF ARKANSAS'S AGRICULTURAL AND
12 RURAL LEGACY FOR FUTURE GENERATIONS; AND ENCOURAGING
13 PARTICIPATION IN THE ENHANCED EASEMENT INCENTIVE.
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16 **Subtitle**

17 ENCOURAGING THE USE OF EXISTING
18 GOVERNMENTAL POLICIES TO SUSTAIN THE
19 STRENGTH OF ARKANSAS'S AGRICULTURAL AND
20 RURAL LEGACY.
21

22
23 BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES OF THE EIGHTY-EIGHTH GENERAL
24 ASSEMBLY OF THE STATE OF ARKANSAS:
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26 WHEREAS, The Enhanced Easement Incentive:

27 (1) Raises the deduction a donor can take for donating a
28 conservation easement from thirty percent (30%) of his or her adjusted gross
29 income in any year to fifty percent (50%);

30 (2) Allows qualifying farmers and ranchers to deduct up to one
31 hundred percent (100%) of their income; and

32 (3) Extends the carry-forward period for a donor to take tax
33 deductions for voluntary conservation agreements from five (5) to fifteen
34 (15) years in addition to the year of donation; and
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36 WHEREAS, Without the enhanced easement incentive, a landowner earning



1 fifty thousand dollars (\$50,000) a year who donated a one million dollar
2 (\$1,000,000) conservation easement could take a fifteen thousand dollar
3 (\$15,000) deduction for the year of the donation and for an additional five
4 (5) years, a total of ninety thousand dollars (\$90,000) in tax deductions;
5 and

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7 WHEREAS, The enhanced easement deduction allows that landowner to
8 deduct twenty-five thousand dollars (\$25,000) for the year of the donation
9 and then for an additional fifteen (15) years. That is four hundred thousand
10 dollars (\$400,000) in deductions. If the landowner qualifies as a farmer or
11 rancher, he or she can zero out his or her taxes. In that case, he or she
12 could take a maximum of eight hundred thousand dollars (\$800,000) in
13 deductions for his or her million dollar (\$1,000,000) gift; and

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15 WHEREAS, While a person may never deduct more than the fair market
16 value of the gift, this change simply allows landowners who previously could
17 not deduct the full value of their gift to deduct more of that value; and

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19 WHEREAS, The enhanced easement incentive defines a farmer or rancher as
20 someone who receives more than fifty percent (50%) of his or her income from
21 "the trade or business of farming", and the law references an estate tax
22 provision Internal Revenue Code § 2032A(e)(5) to define activities that count
23 as farming. Specifically, those activities include:

24 (1) Cultivating the soil or raising or harvesting any
25 agricultural or horticultural commodity, including the raising, shearing,
26 feeding, caring for, training, and management of animals on a farm;

27 (2) Handling, drying, packing, grading, or storing on a farm any
28 agricultural or horticultural commodity in its unmanufactured state, but only
29 if the owner, tenant, or operator of the farm regularly produces more than
30 one-half (1/2) of the commodity so treated; and

31 (3) The planting, cultivating, caring for, or cutting of trees,
32 or the preparation, other than milling of trees for market; and

33
34 WHEREAS, The qualified farmer or rancher provision also applies to
35 farmers who are organized as C corporations and for an easement to qualify
36 for the special treatment, it must contain a restriction requiring that the

1 land remain "available for agriculture",

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3 NOW THEREFORE,

4 BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES OF THE EIGHTY-EIGHTH GENERAL

5 ASSEMBLY OF THE STATE OF ARKANSAS:

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7 THAT the House of Representatives encourages the use of existing
8 governmental policies to sustain the strength of Arkansas's agricultural and
9 rural legacy.

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11 BE IT FURTHER RESOLVED that the House of Representatives seeks to
12 preserve the state's rural heritage and economic strength through
13 conservation of its greatest assets: agricultural land, forests, unspoiled
14 natural area, wildlife habitat, and water resources.

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16 BE IT FURTHER RESOLVED that upon adoption of this resolution, a copy of
17 this resolution shall be transmitted to each member of the Arkansas
18 Congressional Delegation.

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