

FINAL BILL REPORT

SB 6484

C 66 L 02
Synopsis as Enacted

Brief Description: Authorizing additional trust authority to take advantage of federal estate tax benefits for conservation easements.

Sponsors: Senators Haugen, Swecker, Rossi, Regala, B. Sheldon, Finkbeiner, T. Sheldon, Kastama, Jacobsen, Rasmussen, Winsley and Johnson.

Senate Committee on Judiciary
House Committee on Judiciary

Background: A conservation easement is a voluntary donation of an interest in real property by a landowner to a qualified private nonprofit entity or to a unit of government. If qualified under federal tax law, such a donation may result in reduced federal estate tax on the estate of which the real property is a part.

A conservation easement may include all or part of an owner's interest in the land. To qualify under the federal tax code, several requirements must be met. For example, the donation of the interest must be in perpetuity, and the donation must be for a "conservation purpose" as defined by the code. Generally, allowable conservation purposes include preservation of land for:

- outdoor recreation or education for the general public;
- protection of natural habitat; or
- open space for scenic or other purposes if it will significantly benefit the public.

There is no specific authority in state law for a trustee of a decedent's estate to donate real property to a conservation easement.

Summary: A trustee may donate a conservation easement in order to qualify for federal estate tax exclusions or deductions. The donation may be made only if the donation will not make the estate insolvent, and, if the trust instrument does not allow the donation, every affected beneficiary of the trust has agreed to the donation.

Votes on Final Passage:

Senate	45 0
House	93 0

Effective: June 13, 2002