

APPROVED
By the Board of Directors of
The Metropolitan Water District
of Southern California
at its meeting held

41409

MAY - 9 1995



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METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Karen E. Jeff
EXECUTIVE SECRETARY

7-11

April 27, 1995

To: Board of Directors (Committee on Legislation - Action)
From: General Manager
Subject: Support of Senate Bill 1280 (O'Connell - Santa Barbara) Creating Tax Credit for Value of Land Donated for Conservation Purposes

RECOMMENDATION:

It is recommended that Metropolitan support Senate Bill 1280.

John R. Wodraska
General Manager

Submitted by:

Debra Man

Debra Man
Director of Planning & Resources

Concur:

John R. Wodraska
John R. Wodraska
General Manager

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EXECUTIVE SUMMARY:

State Senator Jack O'Connell (Santa Barbara) has introduced SB 1280 which would enact the California Land and Water Conservation Act of 1995 pursuant to which the Secretary of the Resources Agency will administer a program whereby the Secretary can approve acceptance of up to \$200 million worth of real property (plus cash of up to 15 percent of the value of such properties) donated to the state, any local government or any non-profit organization for land or water conservation. As incentive for such donations, the bill would substitute for the current charitable deduction available to the donor a 65 percent of fair market value tax credit against state income tax liability. Only donations made on or after July 1, 1996 would qualify. Passage of SB 1280 would significantly encourage donation of lands needed for water and land conservation purposes; for instance, expansion of the Shipley Reserve through donations by adjacent owners.

DETAILED REPORT:

State Senator Jack O'Connell of Santa Barbara has introduced Senate Bill 1280 which is sponsored by the Planning and Conservation League. It would significantly augment existing incentives for donations of properties and even cash for land and water conservation purposes.

SB 1280 would enact the Land and Water Conservation Act of 1995 pursuant to which the Secretary of the Resources Agency would implement a program to facilitate donation of properties to the state, any local government or to a non-profit organization for purposes of conservation of land or water. The property donations would be limited to an aggregate of \$200 million per year (plus cash up to 15 percent of the value of such properties), each would be subject to the Secretary's approval, and must be accepted by the donee agency or entity. A significant incentive offered is a substitute for the current charitable donation deduction available for purposes of calculating state income taxes. Under SB 1280, the donor would be eligible for a tax credit equal to 65 percent of the fair market value of the property and any money contributed during the taxable or income year. SB 1280 would not apply to lands set aside by developers for like conservation purposes as a condition of development. As currently written, this act would apply to donations made after July 1, 1996.

Traditionally, bonds have been used by state and public agencies to acquire property for land and water conservation purposes. This measure is intended to provide a means to acquire land/water rights and/or conservation easements that promote land and water conservation without the necessity of a bond measure, which in recent years have been uniformly unsuccessful at the polls. We believe such donations should be encouraged and further, believe that passage of the measure could compliment Metropolitan's on-going efforts to expand the Shipley Reserve adjacent to the Domenigoni Valley Reservoir Project. Its passage also may aid the signatories to the December 15, 1994 Bay-Delta Accord by encouraging donations of land or water rights to implement Category No. III projects thereunder.