



## **Preserving Canada's Ecological Lands**

**Brief submitted by the  
Canadian Land Trust Alliance/Alliance des organismes de conservation du Canada  
to the  
House of Commons Standing Committee on Finance**

**January 17, 2012**

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## Executive Summary

Canadian Land Trust Alliance (CLTA), Canada's national alliance of land trusts representing over 55 land trusts from across Canada, proposes the following two recommendations to enable these charitable organizations to be more effective and efficient in working with volunteers, donors and government organizations in the preservation of ecologically sensitive lands and protection of Canada's species at risk and biodiversity.

- 1. Enhance the Ecological Gifts Program by extending the carryforward provision for ecological gifts to a minimum of 10 years.**
- 2. Support Imagine Canada's proposal of a stretch credit for charitable giving.**

## Protecting Canada's Diverse Natural Landscapes

The CLTA is Canada's national land trust alliance and represents a membership of over 55 land trusts from coast to coast to coast. A land trust is a non-profit, charitable organization whose principal objectives include the long-term protection and management of ecologically sensitive lands. A land trust may own these lands outright, acquiring them through donation or purchase, or it may enter into perpetual conservation agreements (easements, covenants or servitudes) with property owners to preserve or restore the ecological features on the owner's land.

Together CLTA member land trusts are supported by a network of over 200,000 individual members and donors, and over 20,000 volunteers. Collectively, they have protected over 6.3 million acres of land, which contribute to Canada's network of diverse natural landscapes and play an important role in delivering the Government of Canada's species at risk and biodiversity goals.

The majority of CLTA member land trusts are eligible recipients under Environment Canada's Ecological Gift Program ("EGP") and play an integral part in the success of this program.

The CLTA member land trusts have done much over the last few years to gain the support of the citizens and landowners of Canada. Through the development and subsequent adoption by member groups of the *Canadian Land Trust Standards and Practices*, the land trusts of Canada have shown their commitment to high standards for the technical and ethical operation to land trusts nationwide.

We are pleased to report that a previous recommendation we had made to the Committee in August 2009 has been implemented. That recommendation provided prescribed donee status (under the Income Tax Act Regulation Section 3504) for the American Friends of Canadian Land Trust. This provides an effective cross-border conservation option for the growing network of regional and community land trusts across Canada by enabling American landowners to conserve ecologically-significant lands in Canada without tax penalty.

To become even more effective and efficient in protecting Canada's natural landscapes for the benefit of all Canadians, the CLTA is asking the Committee to consider the following two recommendations.

## **Two measures to enhance charitable giving and increase the preservation of ecologically sensitive lands across Canada**

### **Recommendation #1**

#### **Extend the carryforward provision for Ecological gifts to a minimum of 10 years to increase the pace and size of gifts of ecologically-sensitive lands.**

Currently, the *Income Tax Act* (“ITA”) provides enhanced tax incentives (similar to those available in respect of publicly-traded securities), beyond those available in respect of ordinary charitable gifts, for gifts of full and partial interests (conservation agreements) in ecologically sensitive land made to eligible conservation charities, including land trusts, through the Ecological Gifts Program (EGP). The EGP is part of the federal government’s broader commitment to ensure the protection of species at risk and biodiversity by, among other things, supporting the protection of privately-held ecologically sensitive land which is often the habitat for rare and threatened species. Since the introduction of the EGP in 1995, 920 ecological gifts valued at over \$577 million have been donated across Canada, protecting over 349,522 acres of land of national, provincial and regional importance (December 2011).

However, the availability of the tax credit or deduction related to ecological gifts is currently limited to a 5 year carryforward which often results in some of the tax benefit arising from an ecological gift being unused.

This is particularly the case for lands under significant development pressure (for example, coastal or waterfront properties, and lands in close proximity to growing urban areas) where land values have appreciated significantly. Such lands have often been held by the same owner for decades – frequently farmers or others on limited or fixed incomes) – who do not have the income to offset the tax receipt over the 5 year period.

The federal government in the United States has recently extended the carryforward provisions for similar gifts from 5 years to 15 years and some states allow a 20 year carryforward. The CLTA believes that extending the carryforward provision for ecological gifts in Canada to a minimum of 10 years would create a further incentive for ecological gifts. A longer carryforward period has the advantage of being a simple enhancement to the EGP to institute without departing from the usual mode of recognizing charitable contributions.

The cost to the Federal Government to extend this carryforward would be minimal, in fact there could be a cost saving. The administrative cost saving to land trusts would be significant allowing more of their resources to be applied to protecting additional lands. Currently, in the case of high value donations, landowners often divide their land donation into several donations, 6 years apart, in order to extend the tax credit over a longer period of time. Multiple donations in order to extend the tax credit only add to the administrative costs of Environment Canada in administering the EGP and the land trusts in processing these donations. Extending the carryforward period will eliminate these costs.

Extending the tax credit carryforward may also lead to more donations of ecologically sensitive lands. Those landowners who are currently hesitating in donating ecologically sensitive lands due to not being able to benefit from their total tax credit within the current 5 year carryforward provision, or due to their additional costs of making multiple donations, will, with the extended carryforward, step forward and begin the donation process. The cost of the additional tax credits generated by these donations will be far outweighed by the value of additional lands donated under through the EGP and the value of the ecological services these lands provide. These ecological services include support for biodiversity, improved water quality, runoff prevention and many others.

## **Recommendation #2**

### **Support Imagine Canada's proposal of a stretch credit for charitable giving.**

In addition to the reasons put forward by Imagine Canada in their submission to this Committee, the adoption of a stretch tax credit would further assist the work of land trusts across Canada by both increasing the tax benefit available in respect of ecological gifts and by making other donations to support the important stewardship activities of land trusts.

Land trusts accept land and conservation agreements, including those accepted through the EGP, with a promise to care for the lands in perpetuity. Caring for, or managing, these lands come with a long term cost. Some of these costs are predictable into the foreseeable future while other costs are not. Things like managing invasive species or fire hazards brought on by climate change cannot always be forecast with certainty.

As a result of these and other similar costs, a prudent land trust will set aside stewardship funds in reserve accounts to handle both expected and unexpected costs. Enhancements to general incentives for charitable giving, including Imagine Canada's stretch tax credit will improve the ability of land trusts to build these reserve funds.

## **In Conclusion**

Canadian Land Trust Alliance appreciates the opportunity to put forward these pre-budget 2012 recommendations for new tax and program measures that will contribute to the protection of ecologically sensitive lands across Canada and improving the health of the communities in which we all live, work and play. These recommendations, if implemented, will enable land trusts and landowners of Canada's significant natural lands to increase the amount of ecologically sensitive lands brought under long term protection in an effective and efficient means at very little cost to the federal government. The CLTA is committed to working with the Government of Canada and all parliamentarians to ensure the swift and successful implementation of the measures proposed.