



Scenario	Scenario Summary	Is an appraisal needed? When?	Appraisal Standard(s) Used
1	Mr. Musk wants to enter into a conservation easement to get a big tax write-off. He finds Wild Land Trust as a partner. Musk donates 10,000 acre easement on part of his 20,000 acre ranch. Musk donates the easement before ordering an appraisal. The easement is recorded on June 1, 2022.	Yes, because Mr. Musk wants a tax write-off. Mr. Musk files an extension for tax year 2022, and his tax filing is due in October of 2023. Mr. Musk waits until the last minute and orders an appraisal from H.B. Userman Appraisal Company in September of 2023. Due to the last minute request and large amount of land to appraise, the appraiser wants to charge a fee of \$20,000 plus a \$20,000 rush fee. The appraisal is being made after the easement is recorded, so the appraiser must use an effective date of June 1, 2022.	IRS appraisal rules apply. In this case, the appraiser must value the entire 20,000 acre ranch using a before & after appraisal method, even though only half of the ranch is being placed under the easement.
2	Mr. Musk wants to enter into a conservation easement to get a big tax write-off. He finds Wild Land Trust as a partner. Musk donates 20,000 acre easement on his 20,000 acre ranch. Musk wants an appraisal before donating the easement. An appraisal is ordered on May 1, 2022. The appraiser visits the property on July 1, 2022 and uses an "effective date" of July 1 in the appraisal. The easement is recorded within 60 days of July 1st.	Yes, the landowner wants to know the value before making the donation. The appraiser must follow IRS appraisal rules. The conservation organization and landowner must record the easement no later than 8/30/2022 in order for the appraisal to be valid for a tax deduction.	IRS appraisal rules apply. In this case, the appraiser must value the eased land only because no land has been left out of the easement.
3	Mr. Musk wants to enter into a conservation easement to get a big tax write-off. He finds Wild Land Trust as a partner. Musk donates 20,000 acre easement on his 20,000 acre ranch. Musk wants an appraisal before donating the easement. An appraisal is ordered on May 1, 2022. The appraiser visits the property on July 1, 2022 and uses an "effective date" of July 1 in the appraisal. The easement is recorded on January 17, 2023 which is 200 days after the appraised "effective date".	A second appraisal is required because the first one is no longer valid. The appraiser may provide a good discount for having recently completed an IRS appraisal, but if too much time passes the comps in the first report will not apply. Value will probably change.	IRS appraisal rules apply. In this case, the appraiser must value the eased land only because no land has been left out of the easement. Appraiser is hired a second time to re-appraise it as of the
4	Mr. Gates owns a 500-acre farm in Wisconsin and wants to get paid for placing an agricultural easement on the entire farm. He visits the Land & Water Conservation Department in Sauk County and asks if they will help him apply for USDA funding for the easement that will be held with Sauk County as the cooperating entity. The Department agrees and the Department orders an appraisal from a qualified appraiser.	The NRCS-funded easement application isn't complete without an appraisal. The County makes sure the entire application is complete. The appraisal is part of the application.	The County opts to use Yellow Book. As a result, the appraisal costs \$7,500.
5	Same as above	Same as above	The County opts to use USPAP. As a result, the appraisal costs \$4,500, much less than Yellow Book.
6	Mr. Turner owns a 10,000-ranch in Nebraska and wants place an agricultural easement on the western half of the ranch. He visits the Land & Water Conservation Department in the County and they said they are not familiar with USDA programs, but they said they have \$1 million of conservation funds they are willing to spend. The County orders an appraisal that values the conservation easement at \$5 million using USPAP. The county completes the partial purchase (bargain sale) and records the easement on May 1, 2021. Mr. Turner then hires the same appraiser to complete the IRS appraisal.	The first appraisal is required for the County to close on the easement and pay Mr. Turner his \$1 million. The second IRS appraisal is due when Mr. Turner files his taxes which he wants to file by January 15th, 2023. Mr. Turner is ahead of the game and ordered the IRS appraisal in the fall of 2021. The IRS appraisal is completed in early January of 2022, just in time for Mr. Turner's early tax filing.	The first appraisal didn't have to consider value changes to the uneased half of the ranch. The first appraisal values the easement at \$5 million. But because the IRS appraisal measures the value differently, the IRS appraisal values the easement at \$2.5 million instead of \$5 million. The 8283 form then states the easement is valued at \$2.5 million, less the bargain sale amount received of \$1 million, which equates to an allowable donation value of \$1.5 million. Mr. Turner is allowed 15 years to use up the \$1.5 million deduction, but he uses it all in that first year.
7	Mr. Walsh is a large farmer in Wisconsin. He owns 2,500 acres in the central valley of Vernon County. He donates an easement on November 10th, 2021 to a local land trust that covers 100% of the land he owns. But ten of his children, five of his brothers, one sister and his mom own a total of 27 properties in the immediate vicinity (and within view) of the eased land. Mr. Walsh wants to claim a big deduction on his taxes.	Mr. Walsh must have the IRS appraisal completed when he files his taxes for 2022. If he orders the appraisal after the easement is already recorded, the appraisal "effective date" should be Nov 10, 2021. The appraisal will be due when the tax filing is due.	Based on what he has read, Mr. Walsh thinks his easement value should be close to \$2,000/acre, or \$5 million. HE is in a 30% tax bracket. Over the next 15 years, he will save \$100,000 per year. The appraiser bids his appraisal fee at \$120,000 because he has to appraise not only the 2,500 acres, but also the 27 properties related to him that surround it. The appraisal is expensive, but still worth having.
8	Mr. Johnson is a small farmer in Wisconsin. He owns 250 acres in the central valley of Vernon County. He donates an easement on November 10th, 2021 to a local land trust that covers 100% of the land he owns. But five of his children, two of his brothers, one sister and his mom own a total of 17 properties in the immediate vicinity (and within view) of the eased land. Mr. Johnson wants to claim a big deduction on his taxes.	Mr. Johnson must have the IRS appraisal completed when he files his taxes for 2022. If he orders the appraisal after the easement is already recorded, the appraisal "effective date" should be Nov 10, 2021. The appraisal will be due when the tax filing is due.	Based on what he has read, Mr. Johnson thinks his easement value should be close to \$1,500/acre, or \$375K. He is in a 30% tax bracket. Over the next 15 years, he will save \$7,500 per year. The appraiser bids his appraisal fee at \$28,000 because he has to appraise not only the 250 acres, but also the 17 properties related to him that surround it. The appraisal is expensive. Mr. Johnson does the math and still decides the write-off is worth having.
9	Mr. Smith is a hunter in Wisconsin. He owns 40 acres in the most popular hunting county in Wisconsin. He donates an easement to Pheasants Forever on February 1, 2021 that continues to allow for hunting but doesn't make it open to the public. Most of the land is wetland and can't be built on anyway. The easement prohibits any building and also prohibits dividing the land into smaller sections.	The landowners IRS appraisal is due when he files taxes for the year the easement was donated.	Based on what Mr. Smith has read, he thinks his easement is worth \$120,000. The appraiser states that the easement changes very little with the Highest & Best Use of the property, and has a value of \$500/acre or \$20,000. The taxpayer is in a 25% bracket, therefore the write-off could save him \$5,000. The appraiser has an appraisal fee of \$5,000. It therefore makes no sense for Mr. Smith to claim his deduction, and he is out the \$5,000 appraisal fee.

Easement Type Program	How Many Appraisals?	Comment	Timing	Special Considerations
Donated Easement	Zero or 1	If landowner donates an easement and does not want/need a tax deduction, no appraisal is required. If deduction is preferred, an IRS appraisal is required. In that instance, the landowner usually orders the appraisal.	IRS appraisals are due when the tax filing is due which is normally April 15th in the year after the easement or extension data if extension is filed. The appraiser must use the appropriate "effective" date. If appraising it after easement is recorded, use the recording date. If appraising prior to easement recording, the easement must be recorded within 60 days of the appraised date. If 61 or more days pass after the appraisal effective date, the appraiser must prepare a new/updated report with a new date, which is technically a new assignment.	IRS appraisals must follow CFOP rule and Enhancement rule. IRS Form 8283 is required to be filed for the tax deduction. The conservancy organization and the appraiser must sign the 8283 form. A good conservation easement appraiser will be familiar with the 8283 form and will be able to tell if it is filled out properly. However, tax professionals with conservation easement experience should always be consulted during the conservation easement process. The taxpayer is ultimately responsible for hiring the appraiser and tax professional.
Bargain Sale (partial donation)	1 or 2	If a portion of the easement (value) is claimed as a "donation", the a separate IRS appraisal is required if the landowner wants a tax deduction.	The second appraisal is the IRS appraisal in this case. The date rules apply the same as stated above.	Same as above.
Easement Partial Purchase (partial donation)	1 or 2	If a portion of the easement (value) is purchased, the purchaser will require an appraisal that precedes the IRS appraisal. Two appraisals are required if landowner wants a tax deduction.	Easement purchases typically require an appraisal that is used to determine the purchase price. Therefore, the first appraisal always precede the execution/recording of a conservation easement.	Special requirements will depend on the funding and also depend on the requirements of the conservation organization.
Easement Purchase	1 or more	Most easement purchase programs only require one appraisal. Some easement buyers require two separate and independent appraisals from two separate and independent appraisers.	Appraisals completed for easement purchases will always precede the execution/recording of a conservation easement.	Special requirements will depend on the funding and also depend on the requirements of the conservation organization. See table below...

Type/Program	Who Orders Appraisal?	Who Reviews The Appraisal?	Appraisal Standard	Comments
US Dept. of Defense, USFW, Dept. of Interior, etc.	The cooperating entity such as the land trust, foundation, county, etc.	A contracted review appraiser and the US Department (or military branch) will review the appraisal and usually give the original appraiser a chance to comply if changes are required.	Yellow Book	The US D.O.D. usually requires yellow book and a multi-tiered review process. US Fish & Wildlife, Department of Interior and other major government branches will require Yellow Book.
USDA- NRCS / Yellow Book	The cooperating entity such as the land trust, foundation, county, etc.	For USDA/NRCS - ALE Easement Programs, NRCS leaves the decision up to the cooperating entity as to if USPAP or Yellow Book is used.	Yellow Book	Yellow Book Appraisals require more work by appraiser, and are usually more expensive as a result. In addition, the larger parcel rule usually results in a lower value as opposed to a USPAP only appraisal.
USDA- NRCS / USPAP	The cooperating entity such as the land trust, foundation, county, etc.	For USDA/NRCS - ALE Easement Programs, NRCS leaves the decision up to the cooperating entity as to if USPAP or Yellow Book is used.	USPAP	USPAP appraisals don't require a "larger parcel" rule to be applied, therefore usually result in the highest appraised value.
Wisconsin DNR (Knowles-Nelson Stewardship Fund)	The cooperating entity such as the land trust, foundation, county, etc.	The DNR staff or contracted reviewer will review the original appraisal and will "accept", "reject" or "request changes" to the appraisal report. Reviewers typically communicate directly with the appraiser, and <u>should</u> discuss assignment prior to completion of appraisal.	Wisconsin DNR Appraisal Standards and USPAP or Yellow Book	Wisconsin-funded conservation usually comes from the Knowles-Nelson fund. Wisconsin DNR appraisal standards require it to comply with USPAP, but also require a "larger parcel" rule similar to a Yellow Book Appraisal.
Wisconsin DNR (other funding)	The cooperating entity such as the land trust, foundation, county, etc.	DNR staff reviewer or contracted reviewer.	Wisconsin DNR Appraisal Standards and USPAP or Yellow Book	Same as above.
Private Conservation Entity (land trust, foundation, etc.)	The cooperating entity such as the land trust, foundation, county, etc.	Sometimes private easement purchases will not have appraisal reviewed, though it is a decision made by the purchaser.	USPAP (usually)	Private conservation organizations will find themselves involved with IRS appraisals (8283 forms), USPAP purchases and Yellow Book purchases.
Public Conservation Entity (county, city, town, village, sewerage district, etc.)	The cooperating entity such as the land trust, foundation, county, etc.	Publicly purchased conservation easements are usually tied to an existing easement program which determines the appraisal rules and appraisal process.	USPAP (usually)	Public conservation organizations will find themselves involved with IRS appraisals (8283 forms), USPAP purchases and Yellow Book purchases.