



SPC REVIEW OF CONSERVATION EASEMENT APPRAISALS OUTLINE OF REQUIRED ITEMS

This information is required by the State Properties Commission (SPC) in order to properly complete its conservation easement appraisal review process as required by O.C.G.A. § 48-7-29.12.

A. LANDOWNER / DONOR

1. SPC requires disclosure in the form of a written letter from the donor to include the name, structure of the ownership that will apply for the tax credit (Individual, Partnership or Corporation), and the amount of tax credit to be applied for. **Landowner/Donor letter shall also include the following statement “Landowner/Donor acknowledges that the intended user of the SPC Appraisal Review is the State of Georgia for purposes of both the Georgia tax credit and any amount that is allowed to be deducted in arriving at Georgia taxable income; specifically not the Federal Government nor the Internal Revenue Service (IRS).”**
2. Donor must submit digital copies of the signed Conservation Easement Appraisal Affidavit and the signed Conservation Easement Appraisal to the Georgia Department of Natural Resources (DNR), along with an “Application for a Georgia Conservation Tax Credit” and the non-refundable prescribed application fee of \$5,000.
3. DNR will forward the digital copies and one printed copy of the Conservation Easement Appraisal and Affidavit to SPC for review.

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B. APPRAISER REQUIREMENTS FOR CONSERVATION EASEMENT (CE) APPRAISAL

1. Conduct a full/complete appraisal in a self-contained narrative appraisal report, in compliance with O.C.G.A. § 48-7-29.12.
2. The appraisal is required to be a “qualified appraisal” as defined by the IRS.
3. Appraiser shall conduct appraisal using the criteria in C.1 and C.2. SPC recommends that CE appraisals follow the format and level of detail in the Uniform Appraisal Standards for Federal Land Acquisition (“Yellow Book”) most recent edition, Section A, Parts I-VII. SPC’s review will follow this format and level of detail.
4. Appraiser shall provide a signed “Conservation Easement Appraisal Affidavit” to the donor. Affidavit shall include:
 - a. Discussion and terms of Scope of Work (“Scope”) agreed upon with the intended user in the engagement process as specified under USPAP standards.

- b. Description of any requirements in the Scope and any standards that were followed to derive the appraiser's opinion of Conservation Easement (CE) value.
- c. Complete information on, but not limited to: value of unencumbered property including structure of the form of property ownership that will claim the Georgia Conservation Easement Tax Credit (Individual, Partnership or Corporation); the total value of the appraised CE ("qualified donation in gross"); and an accompanying statement identifying the methods used to determine such values; whether a subdivision analysis was used in the appraisal and whether it was secondary to the sales comparison approach; whether the landowner or related persons as defined in IRS Rules and any related entities own any other property in the vicinity, the value of which might be increased as a result of the placement of permanent restrictions via a CE on the subject property, and a quantification of any such value enhancement to related property which would be deducted from the value of the donated CE.
- d. A statement that the appraiser was at the time of the Appraisal a currently registered/licensed Georgia Appraiser pursuant to Chapter 39A of Title 43.
- e. A statement that the information in the affidavit matches that contained in the appraisal report.
- f. The signature of the appraiser and date of signature.

C. SPC REVIEW OF CONSERVATION EASEMENT (CE) APPRAISALS

SPC will review CE appraisals and affidavits submitted by DNR in accordance with O.C.G.A § 48-7-29.12.

1. Reviewer shall confirm that the Appraiser has conducted the appraisal in compliance with the requirements of a full/complete appraisal in a self-contained narrative appraisal report.
2. In addition to reviewing for compliance with the requirements of B above, SPC shall require the Reviewer to review for the following in addition to any and all other standards or requirements stated in the Appraiser's Affidavit. The Reviewer shall also check for consistent analysis and reasonability of the rationale used by the Appraiser, in addition to the following:
 - a. The Appraiser's Affidavit shall:
 - i. Be complete, including value of unencumbered property including structure of the form of property ownership that will claim the Georgia Conservation Easement Tax Credit (Individual, Partnership or Corporation); the total value of the appraised CE ("qualified donation in gross"); and an accompanying statement identifying the methods used to determine such values; whether a subdivision analysis was used in the appraisal and whether it was secondary to the sales comparison approach; whether the landowner or related persons as defined in IRS Rules and any related entities own any other property in the vicinity, the value of which might be increased as a result of the placement of permanent restrictions via a CE on the subject property, and a quantification of any such value

enhancement to related property which would be deducted from the value of the donated CE;

- ii. A statement that the appraiser was at the time of the Appraisal a currently registered/licensed Georgia Appraiser pursuant to Chapter 39A of Title 43.
- iii. The Signature of the appraiser and date of signature.
- iv. A statement that the information in the affidavit matches that contained in the appraisal report;
- v. Include as attachments the following items:
 - The Client/Donor's signed and dated engagement letter;
 - The Appraiser's signed Certification/Certificate as established by Uniform Standards of Professional Appraisal Practice (USPAP);
 - A complete list and discussion, under one heading all Hypothetical Conditions and separately under another heading all Extraordinary Assumptions, and the reason for using each and not basing the Appraisal only on the current status of market conditions;
 - Discussion and terms of Scope of Work ("Scope") agreed upon with the intended user in the engagement process as specified under USPAP standards;
 - Description of any requirements in the Scope and any standards that were followed to derive the appraiser's opinion of Conservation Easement (CE) value;
 - A statement that the Appraiser has exercised due diligence in determining that the correct property was appraised;
 - An analysis of comparable conservation easement sales, if appropriate, or a statement why Appraiser did not;
 - A description of Highest and Best Use (HBU) conclusion in the "before" condition and discussion and analysis of how it meets all 4 tests of reasonably probable use for HBU. If the HBU conclusion varies with the HBU uses of other similar property in the vicinity, a full market analysis of HBU is required;
 - "Before" Valuation, including Assessed Value, Tax Load and Zoning in the "before" condition, and at least last 3 years sales history of the CE Before and After property:
 - Identify the Methodology employed;
 - Present in the report all Market Data considered, whether or not used in the analysis, and why any was excluded if not used;
 - In addition to any other methodology employed, present a Sales Comparison Approach;
 - Pursuant to O.C.G.A. § 48-7-29.12(d)(2), the Appraiser must address and analyze whether only one qualified donation within the same tax parcel has been made in the

last 5 years prior to the donation appraised, except for any donation in any portion of such tax parcel by a person who is not a related person as defined in IRS Rules or related entity;

- A full description of the CE, the remaining rights, restrictions, and obligations;
 - Discussion of baseline data;
 - Discussion of management plan if applicable;
 - Description of Highest and Best Use (HBU) conclusion in the “after” condition and discussion and analysis of how it meets all 4 tests of reasonably probable use for HBU;
 - “After” Valuation, including Assessed Value, Tax Load and Zoning in the “after” condition;
 - Identify Methodology used;
 - Present all Market Data considered, whether or not used in the analysis;
 - Discuss any increase in value attributable to the CE to all portions of the Larger Parcel not encumbered by the CE, if applicable;
 - Data, analysis and conclusions relating to the enhancement of potentially enhanced property owned by the Grantor or related persons as defined in IRS rules and related entities of substantially the same ownership, and to contiguous property owned by the same;
 - Qualifications of the Appraiser including that the Appraiser was at the time of the Appraisal a currently registered/licensed Georgia Appraiser pursuant to Chapter 39A of Title 43;
 - A copy of the CE deed;
 - All title documentation, or say whether any was requested or provided;
 - Maps:
 - Subject property plat;
 - Sales Map used in the analysis;
 - Information provided on comparable sales including who verified sales information as correct.
3. SPC’s appraisal reviewer must be an appraiser registered/licensed by the State of Georgia Real Estate Appraisers Board pursuant to Chapter 39A of Title 43.
4. SPC’s appraisal reviewer will make a determination of the value of the CE within the scope of work agreed with SPC. Appraisal reviews shall be conducted in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP), with sufficient information to allow SPC to understand the thought process that led the Reviewer to the opinion of value.

5. The review shall not prevent acceptance of the Appraiser's report for purely clerical issues such as misspellings or transposition of numbers that do not affect the value conclusion.
6. SPC will notify the Donor of the conclusions of the review with blind copy of review issues, if any. This notice to the Donor to include whether the Reviewer's value is lower than the appraiser's but not of the reviewer's specific dollar conclusion.
7. If the Donor's appraiser revises the CE appraisal, SPC will have a re-review conducted in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP), with sufficient information to allow SPC to understand the thought process that led to the opinion of value. SPC's Reviewer will notify SPC if the Reviewer's value of the revised appraisal is lower than the revised appraised value of the CE and what is the Reviewer's conclusion of value.
8. After the re-review, if the revised appraisal and appraiser's value of the CE is acceptable to SPC, then SPC will notify DNR of the approval by a Determination Letter with a copy to the Department of Revenue. Acceptance by the State Properties Commission does not suggest that the report is also acceptable to the IRS or to the Georgia Department of Revenue. If the reviewer's value conclusion is lower than the revised appraisal after re-review or an acceptable CE appraisal upon initial review, SPC will include the Reviewer's value in the Determination Letter.
9. SPC is required under O.C.G.A. § 48-7-29.12 to report to the Georgia Real Estate Appraisers Board for investigation and disciplinary action any appraiser's appraisal with a Substantial Misstatement of Value where the claimed value is 150% or more than the amount SPC determines to be the correct CE amount. Under O.C.G.A. § 48-7-29-12(c.2) a final determination by SPC or DNR shall be subject to review and appeal under the "Georgia Administrative Procedure Act" Chapter 13 of Title 50, and in accordance with DNR Rule 391-1-6-.04 (5) which includes filing a petition for a hearing within 30 calendar days after issuance of notice of DNR's final determination.