



STATE PROPERTIES COMMISSION

47 Trinity Avenue, S.W., Suite G02 Atlanta, Georgia 30334

POLICY

TITLE: SPC 05 - Land Management: Conservation Easement Appraisal Reviews

ADOPTED: December 11, 2012 (Effective: July 1, 2014)

REVISED: June 11, 2014

1. References

O.C.G.A. § 48-7-29.12

2. Definitions

- (a) Conservation Easement: Conservation Easement (CE) means a non-possessory interest in real property imposing in perpetuity limitations or affirmative obligations which, for a Georgia Tax Credit under O.C.G.A. § 48-7-29.12, are consistent with at least two (2) conservation purposes as defined in that Act.
- (b) Commission: The State Properties Commission (SPC).
- (c) Eligible Donor: Means any person who owns an interest in a qualified donation of a Conservation Easement and seeks a CE tax credit from the Georgia Department of Revenue, as defined in O.C.G.A. § 48-7-29.12.
- (d) Qualified Organization: Means the state, a county, a municipality, or a consolidated government of this state, the federal government, or a bona fide charitable nonprofit organization as defined under the Internal Revenue Code and accredited by the Land Trust Accreditation Commission.
- (e) Appraisal: The opinion of value determined by the Appraiser.
- (f) Appraiser: One who is expected to perform valuation services competently and in a manner that is independent, impartial, and objective and in accordance with Uniform Standards of Professional Appraisal Practice (USPAP) Ethics Rule for purposes of this policy the Appraiser is not an advocate for the Eligible Donor.
- (g) Review Appraisal: The opinion of value determined by the Review Appraiser.

- (h) Review Appraiser: One who performs an independent, impartial and objective review of the appraisal. If necessary, will develop their own opinion of value in conformance with USPAP standards.

In accordance with USPAP Ethics Rule, the Appraiser and Appraisal, and the Review Appraiser and Review Appraisal must not advocate for any party or issue.

3. Purpose

Establish the process for SPC appraisal review under O.C.G.A. § 48-7-29.12 of an Eligible Donor's appraised value to ensure that a Conservation Easement Tax Credit sought from the Georgia Department of Revenue is based on an accurate value.

4. Policy Statements/Procedure

- (a) Department of Natural Resources (DNR) receives the landowner's application and non-refundable fee for certification of conservation value by DNR and approval of CE tax credit value by SPC.
- (b) Pursuant to SPC Review of CE Appraisals - Required Items (as found on the SPC web page at www.spc.georgia.gov), SPC will review the following items sent by DNR: (1) the signed Appraiser Affidavit, (2) the landowner's statement of tax credit dollar amount being applied for and the legal entity applying for it, and (3) Necessary CE documents including; the CE appraisal or revised CE appraisal, the recorded CE and plat, and CE baseline report. SPC will make every effort to review the CE appraisal within 90 days, depending on reasonableness of that appraisal.
- (c) The State Properties Commission will have a qualified, licensed Georgia Certified General Property Appraiser review the landowner's CE appraisal and report the results to SPC.
- (d) A blind copy (not on letterhead) of review appraiser's comments will be sent by SPC to the landowner so the landowner's appraiser can revise the CE appraisal if needed. SPC will provide a method of anonymous communication for a reasonable number of questions between the landowner's CE appraiser and the review appraiser.
- (e) If a revised CE appraisal from the landowner is necessary, the following steps shall apply:
- Landowner submits the revised CE appraisal (as one print and one electronic version of the report) to the State Properties Commission; each page shall contain the notation "Revised Appraisal of ____ (Date)".
 - SPC's review appraiser reviews the revised CE appraisal. If the revised CE appraisal supports the revised value, the review appraiser will send a letter to that effect to SPC, with any blind copy of the re-review.
- (f) If the revised CE appraisal does not support the value, SPC may continue the application process by having a review appraiser provide an opinion of value based on a separate appraisal.

- (g) Based on the results, the State Properties Commission will send a letter to DNR either approving an eligible tax credit amount, or recommending a lower amount based on the review appraiser's findings in a subsequent opinion of value.

5. Attachments

Attachment 1: O.C.G.A. § 48-7-29.12

Attachment 2: SPC's Review of CE Appraisals – Required Items

Attachment 3: Conservation Easement Appraisal Conformity Checklist

O.C.G.A. § 48-7-29.12

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*** Current Through the 2013 Regular Session ***

TITLE 48. REVENUE AND TAXATION
CHAPTER 7. INCOME TAXES
ARTICLE 2. IMPOSITION, RATE, AND COMPUTATION; EXEMPTIONS

O.C.G.A. § 48-7-29.12 (2013)

§ 48-7-29.12. Tax credit for qualified donation of real property; carryover of credit; appraisals; transfer of credit; penalty

(a) As used in this Code section, the term:

(1) "Conservation easement" means a nonpossessory interest in real property imposing limitations or affirmative obligations, the purposes of which are consistent with at least two conservation purposes.

(2) "Conservation purpose" means any of the following:

(A) Water quality protection for wetlands, rivers, streams, or lakes;

(B) Protection of wildlife habitat consistent with state wildlife conservation policies;

(C) Protection of outdoor recreation consistent with state outdoor recreation policies;

(D) Protection of prime agricultural or forestry lands; and

(E) Protection of cultural sites, heritage corridors, or archeological and historic resources.

(3) "Donated property" means the real property of which a qualified donation is made pursuant to this Code section.

(4) "Eligible donor" means any person who owns an interest in a qualified donation.

(5) "Fair market value" means the value of the donated property as determined pursuant to subsections (c.1) and (c.2) of this Code section.

(6) "Qualified donation" means the fee simple conveyance to the state; a county, a municipality, or a consolidated government of this state; the federal government; or a bona fide charitable nonprofit organization qualified under the Internal Revenue Code and, beginning on

January 1, 2014, accredited by the Land Trust Accreditation Commission of 100 percent of all right, title, and interest in the entire parcel of donated real property, and the donation is accepted by such state, county, municipality, consolidated government, federal government, or bona fide charitable nonprofit organization for use in a manner consistent with at least two conservation purposes. Such term shall also include the donation to and acceptance by the state; a county, a municipality, or a consolidated government of this state; the federal government; or a bona fide charitable nonprofit organization qualified under the Internal Revenue Code and, beginning on January 1, 2014, accredited by the Land Trust Accreditation Commission of a conservation easement. Any real property which is otherwise required to be dedicated pursuant to local government regulations or ordinances or to increase building density levels shall not be eligible as a qualified donation under this Code section. Any real property which is used for or associated with the playing of golf or is planned to be so used or associated shall not be eligible as a qualified donation under this Code section.

(7) "Related person" has the meaning provided by Code Section 48-7-28.3.

(8) "Substantial valuation misstatement" means a valuation such that the claimed value of any property on the appraisal as submitted to the State Properties Commission is 150 percent or more of the amount determined to be the correct amount of such valuation pursuant to subsections (c.1) and (c.2) of this Code section.

(b) (1) A taxpayer shall be allowed a state income tax credit against the tax imposed by Code Section 48-7-20 or 48-7-21 for each qualified donation under this Code section.

(2) Except as otherwise provided in paragraph (3) of this subsection and in subsection (d) of this Code section, such credit shall be limited to an amount not to exceed the lesser of \$500,000.00, 25 percent of the fair market value of the donated real property as fair market value is established for the year in which the donation occurred, or 25 percent of the difference between the fair market value and the amount paid to the donor if the donation is effected by a sale of property for less than fair market value as established for the year in which the donation occurred.

(3) Except as otherwise provided in subsection (d) of this Code section, in the case of a taxpayer whose net income is determined under Code Section 48-7-23, the aggregate total credit allowed to all partners in a partnership shall be limited to an amount not to exceed the lesser of \$500,000.00, 25 percent of the fair market value of the donated real property as fair market value is established for the year in which the donation occurred, or 25 percent of the difference between the fair market value and the amount paid to the donor if the donation is effected by a sale of property for less than fair market value as established for the year in which the donation occurred.

(c) No tax credit shall be allowed under this Code section unless the taxpayer files with the taxpayer's income tax return a copy of the State Property Commission's determination and a copy of a certification issued by the Department of Natural Resources that the donated property is suitable for conservation purposes and meets the following additional requirements, where applicable:

(1) Subdivision is prohibited for a donated property of less than 500 acres and limited to one subdivision for a donated property of 500 acres or more;

(2) New construction on donated property of structures, roads, impoundments, ditches, dumping, or any other activity that would harm the protected conservation values of such donation is prohibited on such property;

(3) New construction on donated property within 150 feet of any perennial or intermittent stream is prohibited;

(4) A buffer of at least 100 feet on each side of any perennial streams on donated property which ensures at least 75 percent tree canopy evenly distributed after harvest is maintained and a buffer of at least 50 feet on each side of any intermittent streams on donated property which ensures at least 75 percent tree canopy evenly distributed after harvest is maintained;

(5) Timber and agricultural activities undertaken on the donated property are prohibited unless in accordance with best management practices published by the State Forestry Commission or the Soil and Water Conservation Commission, as the case may be;

(6) New construction on donated property causing more than 1 percent of such property's total surface area to be covered by impervious surfaces is prohibited;

(7) Mining on the property is prohibited; and

(8) Planting on the donated property of non-native invasive species listed in Category 1, Category 1 Alert, or Category 2 of the "List of Non-Native Invasive Plants in Georgia" developed by the Georgia Exotic Pest Council is prohibited.

(c.1) For each application for certification, the Department of Natural Resources shall require submission of an appraisal of the qualified donation by the taxpayer along with a nonrefundable \$5,000.00 application fee; provided, however, that the nonrefundable application fee for property donated to the state shall be 1 percent of the total value of the donation, unless such donation is being made to qualify the state for a federal or state grant. The appraisal required by this subsection shall be a full narrative appraisal and include:

(1) A certification page, as established by the Uniform Standards of Professional Appraisal Practice, signed by the appraiser; and

(2) An affidavit signed by the appraiser which includes a statement specifying:

(A) The value of the unencumbered property, the total value of the qualified donation in gross, and an accompanying statement identifying the methods used to determine such values;

(B) Whether a subdivision analysis was used in the appraisal;

(C) Whether the landowner or related persons own any other property, the value of which is increased as a result of the donation; and

(D) That the appraiser is certified pursuant to Chapter 39A of Title 43.

Appraisals received by the Department of Natural Resources shall be forwarded to the State Properties Commission for review. The State Properties Commission shall approve the appraisal amount submitted or recommend a lower amount based on its review and inform the Department of Natural Resources of its determination. The State Properties Commission shall be authorized to promulgate any rules and regulations necessary to administer the provisions of this subsection. Any appraisal deemed to contain a substantial valuation misstatement shall be submitted to the Georgia Real Estate Commission for further investigation and disciplinary action. Upon receipt of the State Properties Commission's determination, the Department of Natural Resources may proceed with the certification process.

(c.2) The Board of Natural Resources shall promulgate any rules and regulations necessary to implement and administer subsections (c) and (c.1) of this Code section. A final determination by the Department of Natural Resources or the State Properties Commission shall be subject to review and appeal under Chapter 13 of Title 50, the "Georgia Administrative Procedure Act."

(d) (1) In no event shall the total amount of any tax credit under this Code section for a taxable year exceed the taxpayer's income tax liability. In no event shall the total amount of the tax credit allowed to a taxpayer under subsection (b) of this Code section exceed \$250,000.00 with respect to tax liability determined under Code Section 48-7-20 or \$500,000.00 with respect to tax liability determined under Code Section 48-7-21. Any unused tax credit shall be allowed to be carried forward to apply to the taxpayer's succeeding ten years' tax liability. However, the amount in excess of such annual dollar limits shall not be eligible for carryover to the taxpayer's succeeding years' tax liability nor shall such excess amount be claimed by or reallocated to any other taxpayer. No such tax credit shall be allowed the taxpayer against prior years' tax liability.

(2) Only one qualified donation may be made with respect to any real property that was, in the five years prior to donation, within the same tax parcel of record, except that a subsequent donation may be made by a person who is not a related person with respect to any prior eligible donors of any portion of such tax parcel.

(d.1) Any tax credits under this Code section earned by a taxpayer in the taxable years beginning on or after January 1, 2013, and previously claimed but not used by such taxpayer against such taxpayer's income tax may be transferred or sold in whole or in part by such taxpayer to another Georgia taxpayer, subject to the following conditions:

(1) The transferor may make only a single transfer or sale of tax credits earned in a taxable year; however, the transfer or sale may involve one or more transferees;

(2) The transferor shall submit to the department a written notification of any transfer or sale of tax credits within 30 days after the transfer or sale of such tax credits. The notification shall include such transferor's tax credit balance prior to transfer, the remaining balance after transfer,

all tax identification numbers for each transferee, the date of transfer, the amount transferred, and any other information required by the department;

(3) Failure to comply with this subsection shall result in the disallowance of the tax credit until the taxpayer is in full compliance;

(4) Any unused credit may be carried forward to subsequent taxable years provided that the transfer or sale of this tax credit does not extend the time in which such tax credit can be used. The carry-forward period for tax credit that is transferred or sold shall begin on the date on which the tax credit was originally earned; and

(5) A transferee shall have only such rights to claim and use the tax credit that were available to the transferor at the time of the transfer. To the extent that such transferor did not have rights to claim and use the tax credit at the time of the transfer, the department shall either disallow the tax credit claimed by the transferee or recapture the tax credit from the transferee. The transferee's recourse is against the transferor.

(e) (1) Whenever:

(A) Any person prepares an appraisal of the value of property and knows, or reasonably should have known, that the appraisal would be used in connection with a return or a claim for refund claiming a tax credit under this Code section; and

(B) The claimed value of the property on such appraisal as submitted to the State Properties Commission results in a substantial valuation misstatement with respect to such property for purposes of claiming a tax credit under this Code section,

then such person shall pay a penalty in the amount determined under paragraph (2) of this subsection.

(2) The amount of the penalty imposed under paragraph (1) of this subsection on any person with respect to an appraisal shall be equal to the lesser of:

(A) The greater of:

(i) Twenty-five percent of the difference between the amount of the tax credit claimed on the taxpayer's return or claim for refund and the amount of the tax credit to which the taxpayer is actually entitled, to the extent the difference is attributable to the misstatement described in paragraph (1) of this subsection; or

(ii) Ten thousand dollars; or

(B) One hundred twenty-five percent of the gross income received by the person described in paragraph (1) of this subsection for the preparation of the appraisal.

(3) No penalty shall be imposed under paragraph (1) of this subsection if the person establishes to the satisfaction of the commissioner that the value established in the appraisal was more likely than not the proper value.

(4) Except as otherwise provided, the penalty provided by this subsection shall be in addition to any other penalties provided by law. The amount of any penalty under this subsection shall be assessed within three years after the return or claim for refund with respect to which the penalty is assessed was filed, and no proceeding in court without assessment for the collection of such penalty shall be begun after the expiration of such period. Any claim for refund of an overpayment of the penalty assessed under this subsection shall be filed within three years from the time the penalty was paid.

(f) No credit shall be allowed under this Code section with respect to any amount deducted from taxable net income by the taxpayer as a charitable contribution.

(g) The commissioner shall promulgate any rules and regulations necessary to implement and administer this Code section.

HISTORY: Code 1981, § 48-7-29.12, enacted by Ga. L. 2006, p. 351, § 1/1B 1107; Ga. L. 2008, p. 101, § 1/1B 1274; Ga. L. 2011, p. 297, § 3/1B 346; Ga. L. 2012, p. 257, § 3-1/1B 386; Ga. L. 2013, p. 141, § 48/1B 79.



SPC REVIEW OF CONSERVATION EASEMENT (CE) 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 RESPONSIBILITIES

1. Written Letter

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. Potential Enhancement

A CE can potentially enhance the value of properties retained, adjoining or proximate to the subject. Landowner/Donor shall submit a list of all properties owned by the landowner or immediate family members that adjoin the subject or are located within ½ mile of the subject.

3. Date of CE Donation/Effective Date of Appraisal

If Donor’s appraisal is not effective the date of CE Donation, then Donor must certify in writing that the appraiser has been furnished a copy of the recorded CE and survey. The appraiser must use these to certify, in writing, that his/her appraisal is of the property encumbered by the recorded CE.

4. CE Deed, CE Plat, Conservation Easement Appraisal, CE Appraisal Affidavit and Tax Credit Application

Donor must submit digital copies of the recorded CE, recorded CE Plat, CE Baseline, 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. The donor must also submit two bound printed color copies and a CD of the original appraisal or any revised appraisal to DNR for SPC. If the recorded CE plat/survey has been recorded in sections by the County Clerk, 2 copies of the full survey must also be provided.

5. Baseline Report

For conservation easements, a Baseline Documentation Report shows the condition of the property at the time of donation.

6. DNR Responsibility

DNR will forward all required information received to SPC for review.

B. REQUIREMENTS FOR APPRAISER AND CE APPRAISALS

1. Appraisal Format/Standards

The appraiser shall conduct a complete appraisal in a self-contained narrative appraisal report, in compliance with O.C.G.A. § 48-7-29.12. The complete self-contained appraisal report must be consistent with the intended use of the appraisal and, at a minimum:

- a. state the identity of the client and any intended users, by name or type;
- b. state the intended use of the appraisal;
- c. describe information sufficient to identify the real estate involved in the appraisal, including the physical and economic property characteristics relevant to the assignment;
- d. state the real property interest appraised;
- e. state the type and definition of value and cite the source of the definition;
- f. state the effective date of the appraisal and the date of the report;
- g. describe the scope of work used to develop the appraisal;
- h. describe the information analyzed, the appraisal methods and techniques employed, and the reasoning that supports the analyses, opinions, and conclusions; exclusion of the sales comparison approach, cost approach, or income approach must be explained;
- i. state the use of the real estate existing as of the date of value and the use of the real estate reflected in the appraisal; and, when an opinion of highest and best use was developed by the appraiser, describe the support and rationale for that opinion;
- j. clearly and conspicuously: 1) state all extraordinary assumptions and hypothetical conditions; and 2) state that their use might have affected the assignment results; and
- k. include a signed certification in accordance with Standard Rule 2-3 as defined in USPAP.

2. Appraisal Qualifications/Certifications

The appraiser shall provide an email address for the SPC review appraiser's use if necessary. The appraisal must be signed by a current Georgia Certified General Property Appraiser (GCGA). The GCGA must inspect the subject property and the sales utilized for analyses and disclose if any were not inspected by him/her. Other appraisers, who are credentialed appraisers in Georgia, may assist the GCGA signator and may cosign the report. The GCGA must be competent to complete the assignment in accordance with USPAP requirements.

3. Use of the SPC CE Appraisal Checklist

- a. The SPC Appraisal Checklist is available on the SPC website (www.spc.ga.gov). The appraiser is strongly encouraged to review the checklist to verify that all pertinent information in the checklist is included in the appraisal. Use of the Checklist will allow for a more timely review.
- b. Depending on the appraisal scope and methodology(ies) some checklist items will not be pertinent to a specific appraisal. These items should be checked N/A by the reviewer.
- c. All pertinent value conclusions and the effective date must be included in the Letter of Transmittal, the Certification and the Summary of Salient Facts. Otherwise, the appraiser's report format is not required to follow the checklist format or outline but all pertinent checklist items must be included somewhere in the appraisal.

4. Conservation Easement Appraisal Affidavit

Appraiser shall provide a signed "Conservation Easement Appraisal Affidavit" to the Donor. That Affidavit shall include:

- a. Discussion and terms of Scope of Work ("Scope") as outlined in 5.a. below, and 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:
 - i. 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);
 - ii. the total value of the appraised CE ("qualified CE donation in gross");
 - iii. 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;
 - iv. whether the landowner or related persons as defined in IRS Rules and any related entities retained any adjacent property or own any other property in a 1/2 mile vicinity, the value of which might be increased as a result of the placement of permanent restrictions via a CE on the subject property;
 - v. 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 primary appraiser was, at the time of the Appraisal, a current Georgia Certified General Appraiser (GCGA) pursuant to Chapter 39A of Title 43.
- e. A statement that the information in the affidavit matches that contained in the appraisal report.
- f. As required by USPAP Ethics Rule, the appraiser must make a statement that he/she is not an advocate for the donor.
- g. The signature of the appraiser and date of signature. If revisions to the appraisal are made after the initial review, appraiser shall also revise the date of the Affidavit and indicate that this is a revised affidavit, and print REVISED and the date of revision in the upper right corner of each page of the entire revised appraisal.
- h. If the appraisal is not effective the date of the Donation or after, the appraiser must certify that he or she has been furnished a copy of the recorded conservation easement and recorded CE survey and that those documents represent what the appraiser appraised.
- i. Appraiser has not incorporated in their CE appraisal any Hypothetical Conditions except the assumption that the property and interests appraised were included in the CE, or any Extraordinary Assumptions that if found to be incorrect could materially impact the appraiser's value opinion. Appraisers are typically not qualified to specifically identify wetland, floodplain, slope characteristics, potential contamination, etc. Therefore, if the property upon which the CE will be placed is suspected of any of these, or similar characteristics, then an expert report must be furnished to the appraiser on the suspected characteristic. The appraiser must not make major assumptions or other conditions that could significantly impact value, and must certify in the Affidavit that none were made.

5. Appraisal Specifics

Although included in the Checklist, special attention to the following items is required.

- a. Scope – A clear and succinct yet complete description of the scope of the Appraisal is required. This shall include, but not be limited to, the extent of the property inspection, geographic areas/time frame researched for comparable sales, whether the comparable sales were inspected by appraiser(s), degree of Market Analysis conducted to support Highest and Best Use conclusions and an analysis of the appraisal approaches/methodologies utilized and not utilized.
- b. Property History - A complete description of all listing, contracts or sales of the subject within the last 3 years as well as a complete description of the history of use (s) of the subject for the past 5 years.
- c. Complete Description of CE – A full description of the recorded CE, recorded plat, the remaining rights, restrictions, obligations, management plan, and its condition as of the CE donation date must be included.
- d. Highest and Best Use
 - i. Highest and Best Use Before Scenario – A complete and supported analysis of the Highest and Best Use of the subject in the before scenario; including reference to the information and description in the Baseline Report. If this Highest and Best Use is different from the historical use of the subject a detailed Market Study is required to support the Highest and Best Use conclusion.
 - ii. Highest and Best Use After CE Scenario - A complete and supported analysis of the Highest and Best Use of the subject in the after scenario including discussion/analysis of how the property rights donated and the property rights retained affect the Highest and Best Use of the subject in the after scenario, and in the market area.
- e. Selection and Analysis of Comparable Sales – Three items are of paramount importance in the selection of comparables for both the before and after valuation scenarios; these are date of sale, geographic proximity and Highest and Best Use. Ideally, sales with the same Highest and Best Use as the subject and which lie in reasonably close proximity to the subject can be utilized in both scenarios. If sales of different Highest and Best Use or located outside the market area are utilized, a detailed explanation is required including the extent of research for sales in the market area with the same Highest and Best Use and the extent of research for alternative local sales; including the information found and why local sales were not utilized instead of sales outside the market area.

After scenario sales should include

- i. Sales of properties that are encumbered by a CE. The specific characteristics of the CE encumbering the sales must be analyzed and compared to the subject CE encumbrance. The conclusions drawn from these sales may include a percentage value loss from the unencumbered value but must also include a supported per acre value conclusion.
- ii. Sales of unencumbered properties can be used particularly if the Highest and Best Use of the sale is the same as or similar to the Highest and Best Use of the encumbered subject.

6. Enhancement

A CE may enhance the value of properties owned by the donor or donor family member that adjoin the subject or are proximate to the subject. The appraiser must analyze and support an opinion as to whether the value of any of the properties identified by the donor under the heading in A-2 Potential Enhancement have been enhanced. If so, the total enhanced value must be deducted from the CE value (before value minus after value) to determine the net value of the CE donation.

7. Overvaluation

- a. The appraisers Certificate of Appraisal must include the following statement, verbatim:
“The appraiser signing this report understands that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to civil penalty under Section 6695A of the Internal Revenue Code.”
- b. 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.

C. SPC REVIEW OF CONSERVATION EASEMENT (CE) APPRAISALS

SPC will review CE appraisals and affidavits submitted by the Donor to DNR, in accordance with Sections A and B above and with O.C.G.A § 48-7-29.12.

1. SPC Procedures and Reviewer Requirements

- a. SPC’s appraisal reviewer will be a current Georgia Certified General Property Appraiser by the State of Georgia Real Estate Appraisers Board pursuant to Chapter 39A of Title 43.
- b. Appraisal reviews shall be conducted in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP), with sufficient information from the reviewer to allow SPC to understand the thought process that led to the Reviewer’s conclusions.
- c. As required by USPAP Ethics Rule, the reviewer must not advocate for the donor; and must make a statement that he/she has not.
- d. The review shall not prevent acceptance of the Appraiser’s report for purely clerical issues that do not affect the value conclusion.
- e. SPC will notify the Donor of the conclusions of the review with the Reviewer’s Narrative of review issues, if any.
- f. SPC will allow the landowner to withdraw the application and discontinue the application process at any time prior to SPC’s beginning the determination of value process as described in 2(b) below. The \$5,000 application fee will not be refunded.
- g. If necessary, SPC will provide a method of anonymous email communication for a reasonable number of questions between the appraiser and the review appraiser.

2. Review Specifics

The reviewer will review the following documents:

- The CE appraisal report
 - The CE appraisal affidavit
 - The recorded CE deed
 - The recorded CE plat
 - The tax credit application
 - The CE baseline report
- a. Initial Review: The first review will be a technical desk review based on the appraisal requirements outlined in Section B, above. The reviewer will NOT develop a value opinion at this time.

On the basis of this review the reviewer will draw conclusions concerning:

- Whether the report is USPAP compliant – particularly with regard to STD 2-2 (a) viii: “The client and intended users must be able to understand the rationale for the appraisers’ opinions and conclusions.”
- Whether the Appraisal Report meets the requirements of a Complete Self Contained Report as defined in B.1. above.
- Whether the appraiser is a current GCGA.

Based on this review the reviewer will conclude whether the appraisal is accepted or requires revisions.

The reviewer will complete the SPC-CE checklist checking each item as either: Not Applicable, Acceptable, or Incomplete. The reviewer will prepare a Reviewer’s Narrative description of the issue(s) pertinent to each checklist item that is checked as incomplete.

The reviewer will submit the appraisal checklist along with the Reviewer’s Narrative discussion to the SPC.

- b. Second Review (The Re-Review): If a revised appraisal is submitted by the Donor, the reviewer will review the revised appraisal based on the appraisal requirements outlined in Section B above. Based on this review the reviewer will conclude as to whether the revised appraisal is accepted, or is not supported by the appraisal. The reviewer will submit a new letter, appraisal checklist, and the Reviewer’s Narrative discussion to the SPC.

If the revised appraisal or the appraiser’s justification is still unacceptable to SPC, then the Donor may at this time elect to withdraw and end the State tax credit application or to proceed and SPC will make a determination of value. That value may be based on data in the revised appraisal, if adequate. The reviewer may accept a portion of the Donor’s appraisal, and supplement data and analyses to provide an appraisal. Or the reviewer may elect to perform his/her own market research to form the opinion of value.

Conservation Easement Appraisal Conformity Checklist - Page 2
Georgia State Properties Commission
USPAP Review Checklist

Project: _____

Appraisal Report Identification: _____

Appraiser (s): _____

Qualified – Appraiser (Continued):

	NA	A	I
Not Land Owner:			
Not Taxpayer Claiming Deduction:			
Not a Party to the Transaction:			
Understands Consequences of Overstatement:			
Not Prohibited by IRS for Conservation Easement:			

Qualification – Report:

Valuation within 60 Days of CE Closing:			
Date of Contribution/Closing:			
Name, Address and Taxpayer Identification #:			

Factual Data - Before:

Legal Description – Before Conservation Esmt.:			
Recorded Before Deed:			
Recorded Before Survey:			
Area, City, and Neighborhood Data:			
Description of Project:			
Impact of Project on Neighborhood:			
Jurisdictional Exception Invoked:			
Site Data – Before Property:			
Present Use (Specifically Required):			
Beneficial & Detrimental Location Factors:			
Road Frontage:			
Topography:			
Soils:			
Vegetation (Products & Timber):			
Views:			
Size:			
Shape:			
Utilities Available:			
Mineral Deposits (Specifically Required):			
Water Rights:			
Easements & Outstanding Rights:			
Beneficial & Detrimental Location Factors:			
Hazardous Substances:			
Flood Hazard (Specifically Required):			
Condition of Property:			

Conservation Easement Data:

Recorded CE Plat of Entire Property Appraised:			
Discuss Management Plan:			
Description of Other Relation Documents:			

Improvement Data:

Square Feet:			
Chronological & Effective Ages:			
Dates of Significant Remodel or Rehab:			
Condition:			
Type & Quality of Construction:			
Present Use:			
Occupancy:			
Fencing:			
Landscaping:			
Equipment:			
Paving:			
Irrigation System:			
Water Source:			

3-Year Sales History or Last Sale before CE:

Name of Seller(s):			
Name of Buyer(s):			
Date:			
Price:			
Financing Terms:			
Conditions of Sale:			
Interest Conveyed (any restrictions):			
Sales Representing Market Value:			
Listing History:			
Offers to Buy or Sell:			

Rental History – CE Property:

	NA	A	I
3-Year Rental or Lease History:			
Terms of Current Lease (s):			
Conclusion as to Market Rent:			

Assessed Value & Tax Load – Before

Current Valuation:			
Assessment Percentage of Value:			
Tax Rate:			
Dollar amount of Taxes:			
Tax Calculation if not Specifically Taxed:			
Tax Benefit of Conservation Use Value Assessment (CUVA):			
Estimated Taxes on Retained Property:			

Zoning - Before:

Zoning Classification:			
Description of Intent of Zoning:			
Anticipated Use by Future Land Use:			
Recent Re-zoning Reported:			
Impact on Remainder Considered:			
Probability of Rezoning by Project:			
Possible Non-Conformity Addressed:			
Other Use Regulations:			

Data Analysis and Conclusions - Before:

Definition of Highest & Best Use:			
Larger Parcel Determination:			
Reasonably Probable Addresses:			
Physically Possible Analysis – Before:			
Legally Permissible Analysis – Before:			
Financially Feasible Analysis – Before:			
Maximally Productive Analysis – Before:			
Probability of Rezoning – Before:			
Probability of Other Approval – Before:			
H & B U – Larger Parcel - Before:			
Avoidance of Non-Economic Use in Definition:			
Avoidance of Non-Economic Use Conclusion:			

Land Valuation – Before (Required):

Adequate Number of Sales For Comparison:			
Inclusion of Recent Subject Property Sales:			
Sales Neither All Superior nor All Inferior:			
Location:			
Buyer’s Name or Names:			
Seller’s Name or Names:			
Date of Sale:			
Price:			
Legal Description:			
Type of Sales Instrument			
Document Recording Information:			
Verified with Who/When:			
Interest Conveyed:			
Financing Terms:			
Conditions of Sale:			
Zoning:			
Present Use:			
Highest and Best Use Estimate:			
Physical Characteristics:			
Adjustment for Financing If Needed:			
Differences Weighed:			
Each Sale Description Compared to Subject Land:			
Expression of Weight Given to Best Sales:			
Rationale for Conclusion Explained:			
Value Conclusion, Sales Comparison – Before:			

Development Method –Before:

Explanation Applicability & Necessity:			
Not First Property So Developed in Market:			
Highest and Best Use to Develop Now:			
Development Allowed by Current Zoning:			
Reasonably Probability of Approval:			
Linkages Sufficient to Attract Purchasers:			
Supply & Demand Supports Dev. Now:			
Identifies Specific Type Retail Products:			
Identifies Pricing of Each by Sales Comparison:			
Evidence Market Demand Exists (% of Capture)			
Market Support for Price of Retail Product:			
Market Support for Absorption Rate:			
Other Income Included:			
Evidence Supporting Sales Expense:			

Conservation Easement Appraisal Conformity Checklist - Page 3
Georgia State Properties Commission
USPAP Review Checklist

Project: _____

Appraisal Report Identification: _____

Appraiser (s): _____

	NA	A	I
Development Method –Before (Cont.):			
Closing Costs Identified and Supported:			
Real Estate Taxes Accounted For:			
Financing Accounted For:			
Market Support for General & Admin. Expenses:			
Identification of Value Date in Dev. Cycle:			
Derivation of Completion of Sales Date Shown:			
Market Derivation of Discount Rate Shown:			
Calculation of Present Value Shown:			
Value Conclusion, Dev. Method – Before:			
Reconciliation – Before:			
Reliability of Each Approach Indicated:			
Weight Given Each Approach Given:			
Development Method Secondary to Sales Comparison Approach:			
Rationale Presented for Final Estimate:			
Sum of Elements Avoided:			
Factual Data After:			
Legal Description – After Conservation Easement:			
Summary Discussion of CE:			
Changes Given & Made Clear:			
Area, City and Neighborhood Data:			
Changes Given:			
Land Data – After Conservation Easement :			
Anticipated Use:			
Beneficial & Detrimental Location Factors:			
Accessibility:			
Road Frontage:			
Topography:			
Soils:			
Vegetation:			
Views:			
Size:			
Shape:			
Utilities Available:			
Mineral Deposits:			
Water Rights:			
Easements & Outstanding Rights:			
Hazardous Substances:			
Flood Hazard:			
Condition of Property:			
Limits on Future Use:			
Assessed Value & Tax Load After:			
Discuss Possible Value & Tax After CE, if any:			
Zoning After:			
Impact on Servient Estate and/or proximate family-owned property:			
Probability of Rezoning Caused By CE:			
Possible Non-Conformity Addressed:			
Other Use Regulations:			
Data Analysis and Conclusions - After:			
Reasonable Probability Addressed:			
Physical Possible Analysis – After:			
Legally Permissible Analysis – After:			
Financially Feasible Analysis - After:			
Maximal Productive Analysis – After:			
Probability of Rezoning - After:			
Probability of Other Approval - After:			
H & B U – After:			
Impact of Conservation Easement on H&BU:			
Valuation - After			
Use of Different Sales:			
Adequate Number of Sales For Comparison:			
Location:			
Buyer's Name or Names:			

Valuation – After (Continued):

	NA	A	I
Seller's Name or Names:			
Date of Sale:			
Price:			
Legal Description:			
Type of Sales Instrument:			
Document Recording Information:			
Verification:			
Interest Conveyed:			
Financing Terms:			
Conditions of Sale:			
Zoning:			
Present Use:			
Highest and Best Use Estimate:			
Physical Characteristics:			
Conditions of the Sales:			
Adjustment for Financing If Needed:			
Differences Weighed:			
Each Sale Compared to Subject Land:			
Evidence in Support of Adjusted Characteristics:			
Expression of Weight Given to Best Sales:			
Rationale for Conclusion Explained:			
Value Conclusion, Sales Comparison - After:			
Easement Valuation by Direct Comparison:			
Suitable Sales Data Do Exist/Where Located:			
Same or Similar H&BU Before & After:			
Same or Similar Location:			
Same or Similar Physical Characteristics:			
Same or Similar Conservation Esmt. Terms:			
Same or Similar Motivation:			
Not Subject to Duress:			
Same or Similar Benefits or Damages:			
No Bargain Sales or Non-Cash Sales:			
Differences Weighted:			
Each Sale Compared to Subject Land:			
Evidence in Support of Adj. Characteristics:			
Evidence for Magnitude of Adjustments:			
Expression of Weight Given to Best Sales:			
Rationale for Conclusion Explained:			
Cons. Esmt. Value Sales Comparison – Direct			
Development Method – After:			
Explanation of Applicability & Necessity:			
Not First Property So Developed in Market:			
Highest & Best Use to Develop Now:			
Development Allowed by Current Zoning:			
Reasonable Probability of Approval:			
Linkages sufficient to attract purchasers:			
Supply & Demand Supports Development Now:			
Identifies Specific Type Real Products:			
Identifies Pricing of Each by Sales Comparison:			
Evidence Market Demand Exists (% of Capture):			
Market Support for Price of Retail Product:			
Market Support for Absorption Rate:			
Other Income Included:			
Evidence Supporting Sales Expense:			
Closing Costs Identified and Supported:			
Real Estate Taxes Accounted For:			
Financing Accounted For:			
Market Support for General & Admin Expense:			
Identification of Value Date in Dev. Cycle:			
Derivation of Completion of Sales Date Shown:			
Market Derivation of Discount Rate Shown:			
Calculation of Present Value Shown:			
Value Conclusion, Dev. Method – After			
Reconciliation – After:			
Reliability of Each Approach Indicated:			
Weight Given Each Approach Presented:			
Sum of Elements Avoided:			
Rationale Presented for Final Estimate:			
Final Value Opinion:			
Before and After Analysis:			
Value Before Less Value After Shown:			
Potentially Enhanced Property:			
Potentially Enhanced Property Identified:			
Market Data to Determine Enhancement:			
Derivation of Enhancement:			

Conservation Easement Appraisal Conformity Checklist - Page 4
Georgia State Properties Commission
USPAP Review Checklist

Project: _____

Appraisal Report Identification: _____

Appraiser (s): _____

Potentially Enhanced Property (Cont.):	NA	A	I
Application or Enhancement to Potentially Enhanced Properties:			
Indicated Value of Charitable Contribution:			
Calculation Shown CE Value – Enhancement:			
Total Value of Charitable Contribution:			
Exhibits and Addenda:			
Location Map:			
Subject Property Located:			
Land Sales Location Map:			
Subject Property and Sales Located:			
Subject Plot Plan:			
Entire Subject Property:			
Dimensions:			
Street Frontages:			
Easements Shown:			
North Arrow:			
Conservation Easement Identified:			
Presentation of Land Sales Not Used:			
Explanation for Not Using:			
Pertinent Title Documents:			
Title Report, If not Provided, Say So:			
Special Instructions			
Special Reports			
Other Charts or Illustrations			
Appraiser (s) Qualifications:			
Overall Effectiveness:			
Accurate Mathematical Calculations:			
Inclusion of All Items:			
Clarity of Rationale:			
Final Action By Reviewer:			
Report Approved:			
Report Needs Correction/Augmentation:			
Report Not Approved:			
Personal Inspection:			
By Appraiser (s):			
By Reviewer:			