



For Immediate Release

International program announced to accelerate land conservation in Canada

Removal of Long-time Barrier to Protection of American-Owned Land in Canada

(Whitby, Ontario, October 29, 2010) - The American Friends of Canadian Land Trusts (AFoCLT) and the Federal Minister of Finance, Jim Flaherty, jointly announced a new environmental initiative that opens the door to enhanced protection of countless outstanding natural areas across Canada.

Until now, Canadian land trusts faced a major barrier in protecting many unique and significant natural areas across Canada owned by American citizens. Because these lands are owned by Americans, an income tax barrier existed which discouraged protection by the owner.

Americans who wished to protect land in Canada either received no income tax benefit at all, or were required to pay often hefty Canadian capital gains tax on their conservation gift. In response, a new U.S. charity, AFoCLT, was formed by land conservation leaders on both sides of the border to provide the legal mechanism and structure required to make 'cross-border' land conservation possible, but until today, the tax barrier remained.

Through the leadership of Canada's Finance Minister, Jim Flaherty, changes made to the Income Tax Act regulations, have effectively removed the capital gains tax on cross-border gifts of land to the AFoCLT. This regulatory change was announced by Minister Flaherty and representatives of AFoCLT at Thickson's Woods Nature Reserve, near Whitby, Ontario.

The government of Canada recognizes the critical role of land trusts and private landowners in Canadian wildlife, habitat and landscape conservation. "Working with private landowners in protecting Canada's unique natural heritage is a laudable goal our government fully supports," commented Minister Flaherty. "We believe this recent legislative amendment will give private landowners and conservation groups across the country more tools to accomplish their goals."

With this barrier struck down, because of the tax regulation changes and prescribed donee status in place the AFoCLT has launched its national 'Cross-Border Land Conservation Program.' This program is poised to open the door for Canadian land trusts to protect even more of the countless outstanding natural areas across the country. Unique and significant conservation lands, from pristine coastline in Nova Scotia to idyllic lakeshores and towering forests in Ontario can now be protected, for the environment and for the benefit of all Canadians.

American landowners can also now become active partners in conservation on their own lands, and receive the same income tax treatments as Canadian donors.

Bonnie Sutherland, a founder of AFoCLT stated, "The Minister's announced regulatory change, and the launch of the American Friends cross-border program, will have an immediate and significant impact on conservation in Canada."

Margo Sheppard, Chair of the Canadian Land Trust Alliance foresees an increased pace and scale for land conservation across Canada with this significant tax impediment removed. "We are very glad Minister Flaherty recognized this impediment to conservation and moved to correct it." Sheppard added, "American Friends, American owners of land in Canada, and conservationists across the country enthusiastically welcome the government's recent decision, and the formal launch of American Friend's cross-border program."

For more information, visit: <http://www.nsnt.ca/af/>

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American Friends of Canadian Land Trusts (AFCLT) is a U.S.-based 501(c)(3) publicly-supported charity (509(a)(1)). It was founded in 2006 by conservation leaders from across Canada and the United States to address the critical need to make "cross-border" land conservation possible. Its mission is to protect and to promote the protection of significant natural, cultural and historic landscapes in Canada, by facilitating donations of land and funding from Americans to Canadian conservation organizations. American Friends will now also be able to accept donations of ecologically important areas and conservation easements over land in Canada owned by Americans.

Backgrounder:

American Friends of Canadian Land Trusts (American Friends)

American Friends is a U.S.-based non-profit organization with 501 (c)(3) designation from the Internal Revenue Service and 509 (a)(1) public charity status. It was established in 2006 by conservation leaders from across Canada and the US, to support land conservation in Canada through cross-border conservation with U.S. residents.

AF's mission is "to protect, and to promote the protection of, the ecological integrity and other conservation values of the natural areas of Canada through securement of fee title and less than fee interests in land, stewardship, public outreach and education, and support of the conservation activities of Canadian land conservation entities and organizations."

AF supports the conservation of Canada's natural resources by facilitating donations of land and funding from U.S. taxpayers to Canadian conservation organizations.

Land Conservation Program

To increase the amount and pace of land conservation in Canada, AF established a Cross-Border Land Conservation Program, formally launched today in Whitby, Ontario. Working as a U.S. land trust, American Friends accepts donations of qualified conservation lands and partial interests in ecologically important land (e.g. conservation easements/covenants or remainder interests) in Canada from U.S. taxpayers.

American Friends is now able to provide U.S. donors with an ideal tax scenario of receiving a U.S. income tax deduction (based on AF's U.S. charity status) and exemption from Canadian capital gains tax on the gift (based on AF's status as a "prescribed donee" under the Canadian Income Tax Act). This financial incentive for land protection removes what had previously been a substantial impediment to such donations.

General Support Program

This program offers U.S. donors the opportunity to receive a U.S. tax deduction for their gifts of cash or securities. Donors who are U.S. taxpayers can financially support Canadian conservation organizations, while enjoying potentially significant U.S. tax benefits. U.S. donors may make gifts of cash or securities to AF together with their recommendation for a grant from AF to the Canadian conservation organization of their choice. AF in turn makes grants from donation receipts to Canadian land trusts qualified as Grantees. American Friends plans to encourage US donations and foundation support to increase its granting program in support of land conservation in Canada.

American Friends "Grantees"

Any publicly funded Canadian land trust or conservation organization that is a charity dedicated to land conservation or any government conservation entity may apply to become a grantee. American Friends determines whether the organization meets its granting criteria, and whether its activities further American Friend's mission. Grantees who want to be eligible to accept transfers of land and/or conservation easement from AF must also demonstrate their ability to protect and effectively steward conservation land.

Rationale for American Friends

Many Americans greatly appreciate and enjoy the natural splendour of Canada and have acquired land or summer homes here. Many are keen to support Canadian conservation organizations or to protect their Canadian land for conservation. Unfortunately, significant tax barriers prevented such support. The American Friends of Canadian Land Trusts (AF) is a new conservation organization, created to make such 'cross-border' conservation possible.

AF was established in 2006 to support land conservation in Canada, through cross-border conservation with U.S. residents. AF's mission is "to protect, and to promote the protection of, the ecological integrity and other conservation values of the natural areas of Canada through securement of fee title and less than fee interests in land, stewardship, public outreach and education, and support of the conservation activities of Canadian land conservation entities and organizations."

Land Trusts

Land Trusts are non-government, charitable organizations that work with private landowners to protect lands of ecological, historic or open space value. They use the tools of land acquisition (donation, purchase, bequest) and permanent legal conservation agreements (conservation easements, covenants or servitudes) to protect land. They have programs to steward and manage their lands, often in partnership with community volunteers. There are over 100 land trusts in Canada, effectively helping government to meet our national and international conservation commitments and goals.

The Ecological Gifts Program

Environment Canada's *EcoGifts Program* provides a way for Canadians with ecologically sensitive land to protect nature and leave a legacy for future generations. It offers tax incentives to landowners who donate land to a qualified recipient, able to ensure that the land's biodiversity and environmental heritage are conserved in perpetuity. Since the program's establishment in 1995, hundreds of Canadians have donated land and conservation easements, many of which contain areas of national, provincial, or regional importance as well as rare or threatened habitats that are home to species at risk. For more information please visit www.cws-scf.ec.gc.ca/egp-pde.

Prescribed Donee Status

Under the Income Tax Act regulation 3505 The government may list organizations as 'prescribed donees.' Gifts to prescribed donees can avoid capital gains tax on their gift by deeming the disposition value of their land as any value at or between the fair market value and the adjusted cost base. In this way, the donor can eliminate any capital gains tax on their gift, just as donors through the Ecological Gifts program can avoid this tax. Because of how the Income Tax Act is structured, Ecological Gifts must be given to a Canadian charity, not an American Charity. Since US donors require a US tax benefit, the need the gift to be made to a US charity. So US donors had two scenarios—either receive no income tax benefit but avoid capital gains tax by donating to a Canadian land trust through the Ecological Gifts program, or donate to a US charity and receive a US income tax benefit, but end up paying a potentially significant capital gains tax in Canada. Prescribed donee status was the only option to make cross-border conservation work. Today's announcement by Minister Jim Flaherty of an Income Tax Act amendment to designate American Friends as a prescribed donee provides a long-awaited tax-barrier free option for cross-border conservation.