



NMTRD-Property Tax Division

Conservation Easement Appraisal Guidelines

- Must comply with Rule 3.13.20 NMAC, which requires compliance with Treasury Regulations Title 26 CFR Sec. 1.170A-13 and 1.170A-14, USPAP, and requires use of proper methodology and reasonable conclusion concerning value.
- Must be completed by a New Mexico General Certified Appraiser 3.13.20.7.Q NMAC
- Appraisal report not made earlier than 60 days prior to date of donation (recordation) 1.170A-13(c)(3)(i)
- Effective Date of Value as the date, or expected date, of contribution 1.170A-13(c)(3)(ii)
- Valuation Methods and reasons for any exclusions USPAP, 1.170A-13 (c)(3)(ii)
- Specific Basis of Valuation 1.170A-13(c)(3)(ii)
- A statement that the appraisal was “Prepared for Income Tax Purposes” 1.170A-13(c)(3)(ii)
- The Treasury Regulation definition of Market Value – 26 CFR Sec. 1.170A-1(c)(2) per 1.170A-13(c)(3)(ii)
- Fair Market Value conclusion in the “Before” and “After” 1.170A-14(h)(3)
- Statement regarding “Qualified Appraisal” 3.13.20 NMAC as defined by 1.170A-13(c)(3)
- Statement regarding “Qualified Appraiser” 3.13.20 NMAC as defined by 1.170A-13(c)(5)
- Define the Property Rights Appraised in the “Before” and “After” USPAP
- Property description in sufficient detail to ascertain that the property appraised is the property that was or will be contributed 1.170A-13(c)(3)(ii)



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- Terms and analysis of the conservation easement deed restrictions 1.170A-13(c)(3)(ii) & 1.170A-14(h)(3)(ii)
 - In depth highest and best use analysis in the “Before” and “After” – family-owned properties may have different highest and best uses within the ownerships 1.170A-14(h)(3)(ii)
 - Full description and condition of any tangible property – improvements appraised if there is a change in use, value, or depreciation 1.170A-13(c)(3)(ii)
 - Appraise entire “Contiguous Family-Owned Property” (Family defined in Sec. 267(c)(4) in the “Before” and “After” 1.170A-14(h)(3)(i) Must be valued as one tract.
 - All contiguous and non-contiguous property of related parties must be fully addressed and appraised for enhancement if deemed necessary 1.170A-14(h)(3)(i)
 - Qualifications of the appraiser to include background, experience, education, and affiliations 1.170A-13(c)(3)(ii)
 - A “Hypothetical Condition” may be required, either in the “Before” or in the “After” valuation USPAP
 - Prepared, Signed, and Dated by a Qualified Appraiser 1.170A-13(c)(3)(i)
 - Name, Address, and Tax Identification Number of the appraiser 1.170A-13(c)(3)(ii) (Form 8283 Appraisal Summary)
 - State the value of the Conservation Easement (value of the Donation) 1.170A-14(h)(3)
 - State the value of the Enhancement if any 1.170A-14(h)(3)(i)
 - A fully documented Appraisal Report is expected – 3.13.20.10.G(4) NMAC
 - Dedicated “Open Space” does not qualify under - 3.13.20.8.E NMAC
 - The “Development Approach” cannot be used as the sole means of valuation – 3.13.20.7.P NMAC



- The applicant will be notified if the appraisal does not meet all requirements and have 45 days from notification by the Energy, Minerals and Natural Resources Department to have their appraiser address any deficiencies noted with the appraisal report under review 3.13.20.12 NMAC

Sources for Additional Information: 7-2-18.10 NMSA, 7-2A-8.9 NMSA, 3.13.20 NMAC, IRC 170(f)(11), CFR26 Sec. 1.170A-13 & 14, IRS Publication 526, IRS and Publication 561, IRS Notice 2006-96 (Notice 2006-96 gives further guidance on the designations, education and experience required to be considered a “Qualified Appraiser.”)

A list of appraisers with conservation easement appraisal training can be found on professional websites such as, the Appraisal Institute and the American Society of Farm Managers and Rural Appraisers. When interviewing appraisers, it is recommended to confirm conservation easement education, as well as experience. It is also recommended to ask if their appraisals have had any problems in the review process by the Property Tax Division or the Internal Revenue Service.

If you have any further questions you can call the PTD-Appraisal Bureau at (505) 827-0885.