

## United States Senate

WASHINGTON, DC 20510

February 23, 2016

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<http://murphy.senate.gov>

The Honorable John Koskinen  
Commissioner  
Internal Revenue Service  
1111 Constitution Avenue, NW  
Washington, DC 20224

Dear Commissioner Koskinen:

On December 18, 2015, the Senate passed, and we supported, a permanent extension of the deduction for charitable contributions of conservation easements. This deduction was enacted into law the same day. The stand-alone bill introduced in the Senate to permanently extend the deduction had fifty-three Senate sponsors—including us—and its House companion passed with a two-thirds majority early last year. The record is clear: Congress values the conservation of land protection by private landowners through the charitable contribution of conservation easements.

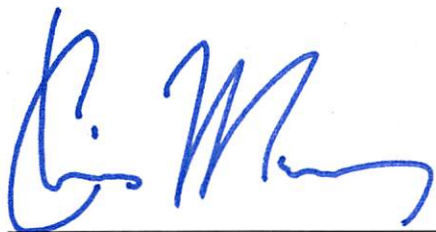
The IRS's interest in these charitable donations is understandable, as the donations are very valuable. The Service's Statistics of Income reports show that conservation easement donations have the highest average dollar value of any class of charitable donations of property—ten or more times as valuable as the average donation of appreciated securities and up to fifty times as valuable as the average donation of a work of art.

While fully recognizing the value of these donations and the IRS's role in ensuring their proper use, we are deeply troubled by a trend recounted by a number of constituents who have chosen to conserve their properties, especially given Congress's strong and unambiguous support of the charitable deduction. These constituents describe audits focused on their donation of a conservation easement as antagonistic, aggressively adversarial, lengthy, and expensive—even when the final result is a “no change” letter from the Service.

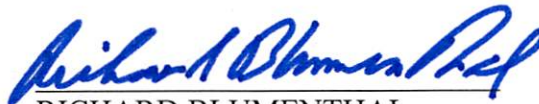
In light of the jarring juxtaposition between Congressional intent regarding the deduction for charitable contributions of conservation easements and the Service's treatment of those who donate easements, we implore the Service to explore some way other than the current audit system to find potential abuses in the area of conservation easements. Based on the experiences of our constituents, the Service would do well to handle these particular donations just as it handled major donations of art decades ago through the creation of the Art Advisory Panel. By using the opinions of outside experts on the value of art donations, the Art Advisory Panel allowed donors and Commissioners to agree on value in more than ninety-five percent of cases handled—without an audit process that is lengthy and expensive for the Service, taxpayer, and donor. We believe an analogous panel for the donation of conservation easements would be beneficial both the IRS and to many of our constituents, whose actions Congress wholeheartedly endorses.

We look forward to working with you to find a mutually constructive solution and urge you to consider modifying your approach to finding potential abuses with the donation of conservation easements.

Sincerely,



CHRISTOPHER S. MURPHY  
United States Senate



RICHARD BLUMENTHAL  
United States Senate

CC:

The Honorable Orrin G. Hatch  
Chairman  
Committee on Finance  
United States Senate  
219 Dirksen Senate Office Building  
Washington, D.C. 20510

The Honorable Ron Wyden  
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