

Conservation Easement Update

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New Rules for Conservation Easement Donations

by: Glenn H. Pauley, Wyoming Stock Growers Agricultural Land Trust

The Rocky Mountain West is proportionally the fastest growing region of the country. People are drawn to the area for its spectacular natural landscapes and quality of life. Many new landowners are seeking out properties for their scenic, wildlife, and open space qualities; many long-time landowners are searching to find ways to ensure these cherished values of their land endure into the future. For some of these individuals, conservation easements are an attractive option.

Conservation easements are voluntary agreements that limit the amount and type of development that can occur on a property in order to preserve its productive capacity and natural qualities. The landowner continues to retain title to the property and other rights of property ownership. Conservation easements which meet federal requirements for charitable gifts may entitle the landowner to reductions in both income and estate taxes.

Landowners contemplating donating a conservation easement should be aware that the Internal Revenue Service (IRS) has established new rules for those wishing to receive the federal tax benefits. The new requirements are in response to concerns about abuses of conservation easements initiated by a series of articles in the *Washington Post* starting in December 2003 and a Senate Finance Committee Hearing into conservation easements in June 2005.

IRC 170(h)(4) - For purposes of this subsection, the term "conservation purpose" means-

- (i) the preservation of land areas for outdoor recreation by, or the education of, the general public,
- (ii) the protection of a relatively natural habitat of fish, wildlife, or plants, or similar ecosystem,
- (iii) the preservation of open space (including farmland and forest land) where such preservation is
 - (a) for the scenic enjoyment of the general public, or
 - (b) pursuant to a clearly delineated Federal, State, or local governmental conservation policy, and will yield a significant public benefit, or
- (iv) the preservation of a historically important land area or a certified historic structure.

To claim a tax deduction for the charitable donation of a conservation easement, the landowners must fill out an IRS Form 8283. New rules require that the donor attach to this form information that:

~ Identifies the conservation purposes furthered by the easement; specifically the IRS is looking to see how the easement serves one or more of the specific "conservation purposes" defined in section 170(h)(4) of the tax code;

~ Shows the "Fair Market Value" of the underlying property before and after the easement is put in place if this method is used to determine the value of the conservation easement;

~ States whether the donation was made in order to obtain a permit or other approval from a local or other governing authority and whether the donation was required by a contract, and

~ Distinguishes whether the landowner or a related person has any interest in another property nearby the easement lands and to describe that interest.

The instructions also include that the organization receiving the conservation easement must be a qualified organization as defined in Section 170(h)(3) and must have the resources to monitor and enforce the conservation easement. To enable the organization to fulfill this obligation, the landowner must provide documents, such as maps and photographs that establish the condition of the property at the time of the gift.

While the new requirements might seem burdensome, new legislation may also increase the tax advantages of donating a conservation easement. A Senate and House conference committee is presently working on the Tax Relief Extension Reconciliation Act and is considering including Section 307 of Senate Bill 2020. This provision extends the carry-forward period for tax deductions of conservation easement donations from 5 to 15 years and raises the cap on deductions from 30% of a donor's adjusted gross income to 50%. In addition, a farmer or rancher who receives more than 50% of their income from agriculture would be allowed to deduct up to 100% of adjusted gross income.

The Wyoming Stock Growers Land Trust endorses these changes. We are particularly enthusiastic about changes which will not only advance landowner benefits for entering into conservation easements, but also make them more equitable for all individuals regardless of income.

While the vast majority of land trusts have a strong history of being conscientious about their mission and dedicated to advancing the public interest, an extremely small minority of bad actors were previously running fast and loose with IRS regulations governing easements, donations and appraisals. Left unchecked, these few examples were endangering the work of all land trusts in maintaining the features of the West which define its entity and continue to attract new residents and visitors alike.

The Wyoming Stock Growers Agricultural Land Trust is a state-wide, locally-based nonprofit organization dedicated to conserving Wyoming's working family farms and ranches and the natural habitats which they support.

For more information about conservation easements and potential tax benefits contact:

Wyoming Stock Growers Agricultural Land Trust

P.O. Box 206

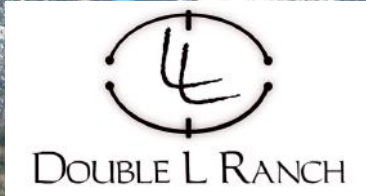
Cheyenne, WY 82003

Phone: 307-772-8751

Email: info@wsgalt.org



Feature Property



Double L Ranch Club Star Valley, Wyoming



One of America's most well known custom builders, Lance Mortensen has combined outstanding amenities to create this reality at his private Double L Ranch Club. This incredible community is designed for like-minded individuals and families to enjoy Wyoming's mountain splendor without the responsibilities that

accompany typical ranch ownership. Located in the desirable Star Valley area, the conveniences of Alpine are 10 minutes away while the resort town and commercial airport of Jackson Hole are within 45 minutes. With building permits in hand, ownership of many of the materials supply companies, and 25 years building America's finest custom homes, Mr. Mortensen can build a magnificent finished custom home in one year. Pricing varies with building location, size, and features, however is generally in the \$2M to \$6M range.



Custom built homes ~ Over 2 miles of Wyoming's Salt River ~ Snow-capped Snake River Range & Salt River Range views ~ 27 stocked trout ponds ~ Horse tack, horse barn & pastures ~ Custom guest cabins ~ Covered bridge over the river ~ Old west style saloon with guest quarters ~ Private boat launch ~ Golf course ~ Groomed cross country ski trails ~ Duck hunting sloughs with blinds & decoys set ~ Upland bird hunting fields ~ Sporting clays course ~ Caretaking services

Trout Journal

The Upper Snake - A Guide's Perspective

by: R. Scott Smith

Sometimes the conversation among guides in Jackson Hole will lead into a discussion on how we would wish to have a bountiful rainbow or brown trout fishery in our backyard as opposed to the native cutthroat fishery and centerpiece watershed of the valley, the upper Snake River. The truth is after all the talk about the Green, Henry's Fork or Madison, the upper Snake in Jackson Hole is indeed a world class angling destination and could possibly be one of the finest rivers anywhere to guide on or to be a solitary angler. When you combine all the real experiences of a trout journey (native fish, casting big dries, amazing scenery, abundant wildlife and an ever changing wild, freestone river) the overall comfort level and enjoyment is heightened and this can be quite evident at the end of a day, regardless of the outcome. This is a closer look at the upper Snake through the eyes of one its guides.

THE RIVER

The upper Snake River of Jackson Hole originates below the dam at Jackson Lake in Grand Teton National Park, which impounded the natural lake an additional 40 feet in 1911 by the Bureau of Reclamation. Flowing gently in this top section, the river soon changes character with the confluence of Pacific Creek and the Buffalo Fork. At that point the river begins its decent through one of the most beautiful mountain settings on the continent, creating classic freestone characteristics and a meandering channel that in some areas braids into prime feeding lies. This river pattern continues through to the South Park bridge where the river enters the Bridger-Teton National Forest and the upper Snake River canyon. Runs widen and walls deepen as the river channel becomes one and is intermittently broken by bottlenecked whitewater. From top to bottom, the Snake covers nearly 80 miles before entering Palisades Reservoir in Alpine, Wyoming.

THE TROUT

This section of the mighty Snake River has one of the last thriving populations of pure native trout in the lower 48 states, the Snake River Finespotted Cutthroat. A favorable characteristic of most cutthroats is their eagerness to take attractor type flies, often from the surface when all other trout would be deep in the riffle. Because of this trait, these cutties



have been introduced to other river systems in hopes of promoting a better dry fly fishery. The cutties of Jackson Hole are not known for their giant proportions which rarely exceed 20" though some spring creeks have produced legitimate 24"-26" fish. However, on good days, a novice angler could net 15-20 trout between 8"-15" and most likely have a couple opportunities at fish over 16". This brings up an important aspect of this river and its trout - beginning anglers can catch fish and the expert angler can be equally challenged by the larger fish. That in itself makes it a fine guide river. In addition, these trout are stunningly beautiful and healthy. Fortunately, you do not see fish too often that show signs of ever being caught before, like missing mandibles, a sad sight on many other western rivers. As cutthroats go these are the hardest fighters found; the fish in the 14"-18" range are flat out tough and feisty.

THE SEASONS & FISHING

While many rivers of the intermountain west have an almost continuous fishing season with a fair chance of action year round, this is where the Snake can differ and at times disappoint anglers not aware of the extreme changes the river will go through. All rivers of the Rocky Mountain region have a fishing window prior to runoff usually in March or April and a wide range of variables determines how well that window will produce. Typical action will occur mid-day on baetis, midges and skwala stones while buggers can move the big cutties out from a winter lie. The big difference in Jackson Hole is the massive mountain ranges that border the west, north, south and east. These awesome ranges that delight skiers in the winter and inspire summer visitors capture copious amounts of snow. This combined with often cool summer temps can slow the runoff well into July or even August. Even in July if the river is clearing and looks fishable, as it is, it can still be quite challenging; this is a ripping fast water fishery, especially in some of the park sections. If it turns out to be a hot day in early August the fast water is where you want your offering, perhaps in the form of a hopper or any other large attractor fly. Towards the end of August, the river begins to drop as tributaries like the Buffalo Fork and Hoback River run out of high country snow. While many other great rivers of the region have been fishing for nearly two months, the Snake is just beginning its prime season.

As water conditions continue to improve, the hatches return as well as some serious feeding activity from the native fish. Western brown stoneflies, pale morning duns, mahogany duns and hecubas all are in full emergence through September, as well as the hordes of terrestrials crawling in the tall grass. In fact, you can bypass the natural insects and drift some sort of red attractor fly and be just as successful if not more. That opportunistic attitude among these fish is truly what makes them enjoyable.

The fall bounty lasts well into October as the river reaches its winter flow. Like clockwork, the fish group up and continue to feed on the second or third generation of baetis. The upper Snake now slows to a pace that calms the soul and keeps the spirit dreaming of those late summer cutthroats.

Scott Smith is the Live Water Properties Stream Team Captain.

To read more of Scott's fishing reviews please go to www.livewaterproperties.com/streamteam.

Premier Ranch Inventory

Wyoming



Moulton Homestead

- ~ 10 minutes north of the resort town of Jackson Hole
- ~ 57 acres with spectacular Teton views
- ~ 1/4 mile of Snake River frontage
- ~ 7.4-acre building envelope for homesite
- ~ Across the river from Grand Teton National Park
- ~ \$14,000,000



Three Bar

- ~ Sublette County, Wyoming
- ~ 2,600 acres of meadow and river bottom
- ~ 2 world renowned rivers (the Green & New Fork) offer 4½ miles of wild trout fishing
- ~ Turnkey, including livestock operation
- ~ Distinguished and diverse wildlife
- ~ \$5,700,000



Phillips Ridge

- ~ 10 minutes west of Jackson
- ~ 15.84 exclusive and treed acres
- ~ 1/3 mile of excellent angling on Fish Creek
- ~ Large, private trout pond onsite
- ~ Incredible views of Jackson Hole valley and Sleeping Indian mountain
- ~ \$2,900,000



NEW LISTING

Brown Trout Flats

- ~ Sublette County, Wyoming, 25 minutes from the ranching community of Pinedale
- ~ 489 acres with 1.25 miles of legendary Green River frontage
- ~ Views of the Wind River, Wyoming and Gros Ventre Mountain Ranges
- ~ \$2,450,000; Associate Broker is part owner



NEW LISTING

Homestead on the Green

- ~ 25 minutes from Pinedale, 90 minutes from the resort town of Jackson Hole
- ~ 308 acres of pastures and bluff, bordered on one side by BLM land
- ~ 1.25 miles of private Green River frontage
- ~ Refurbished 4 BR house and barn
- ~ \$2,000,000; Associate Broker is part owner



NEW LISTING

River Bend Meadows

- ~ Sublette County, Wyoming
- ~ 304 acres with 1.25 miles of world-class angling on the Green River
- ~ Bordered on one side by BLM land
- ~ Gros Ventre and Wind River Range views
- ~ Varied and healthy populations of wildlife
- ~ \$1,975,000; Associate Broker is part owner



Shooting Star Ranch

- ~ 35 miles south of Jackson in Hoback Basin
- ~ 70 acres comprised of two 35-acre tracts
- ~ Borders Bridger-Teton National Forest
- ~ Easy fishing access on Hoback & Green Rivers
- ~ Endless equestrian possibilities
- ~ 2,125 sqft log home with 3 BR and 2 1/2 BA
- ~ \$1,900,000



NEW LISTING

Trout Retreat on the Green

- ~ 25 minutes from Pinedale in Sublette County
- ~ 345 acres with one mile of Green River frontage, offering excellent trout fishing
- ~ Views of the Wyoming, Gros Ventre and Wind River Mountain ranges
- ~ Very private, gorgeous rolling hills & pasture
- ~ \$1,900,000; Associate Broker is part owner



NEW LISTING

Angler's Trout Hideaway

- ~ 25 minutes from Pinedale, Sublette County
- ~ 170 acres with one mile of exclusive Green River frontage
- ~ BLM land bordered one side
- ~ Walking easement offers access to an additional 2.5 miles of the Green
- ~ \$1,275,000; Associate Broker is part owner

Premier Ranch Inventory

Wyoming



Ross Butte Ranch

- ~ Located in Upper Green River Basin of Sublette County, 25 miles from Pinedale
- ~ Approximately 250 very private acres
- ~ New Fork River flows for 1.5 miles, a wonderful brown & rainbow trout fishery
- ~ Excellent equestrian retreat that borders BLM
- ~ \$1,225,000



NEW LISTING

South Meadows Ranch

- ~ Sublette County, Wyoming
- ~ 155 acres with Wind River Range views
- ~ 1.25 miles of Green River frontage offering world-class trout fishing
- ~ Diverse and healthy populations of wildlife
- ~ Incredibly private and ideal for recreation
- ~ \$1,200,000; Associate Broker is part owner

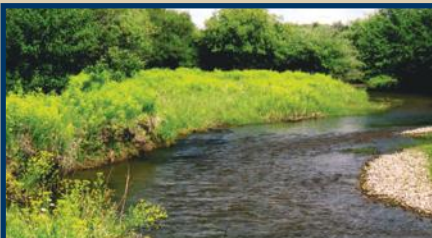


NEW LISTING

Tongue River Retreat

- ~ 1/2 mile from Ranchester, 12 miles from Sheridan in Sheridan County, Wyoming
- ~ 140 acres with custom-built 5BR home
- ~ 1/4 mile of Tongue River and two live springs onsite for angling adventures
- ~ Bighorn Mountain views to the west
- ~ \$985,000

Idaho



Finlandia

- ~ Teton Valley, Idaho, 10 minutes from Ashton
- ~ 720 scenic acres of wildlife habitat
- ~ 1.4 miles of Conant Creek fishery
- ~ Dramatic Teton views across the valley
- ~ 2,400 sqft, 6BR, 2-story home
- ~ Big game, upland birds, cutthroat trout
- ~ \$3,600,000



Toponce Creek Ranch

- ~ Caribou County, Idaho
- ~ 632 acres bordered on 3 sides by BLM land
- ~ Onsite wild trout fishing in Toponce Creek
- ~ Excellent big game hunting of deer & elk
- ~ Thoroughbred horse facilities
- ~ Main house, caretaker's house & 3 cabins
- ~ \$1,900,000



SOLD

Teton View Ranch

- ~ Fremont County, Idaho, 30 minutes from Grand Targhee Ski and Summer Resort
- ~ 160 acres of mostly timber with meadowed homesites
- ~ 1/2 mile of outstanding Conant Creek fishing
- ~ Unbeatable views of all Teton peaks
- ~ Close proximity to Yellowstone National Park
- ~ \$1,600,000



NEW LISTING

Sentinel Rock Ranch

- ~ Lemhi County, Idaho, 9 miles from Leadore
- ~ 80 secluded acres with snow-capped views
- ~ Uniquely bordered on 4 sides by Salmon National Forest
- ~ Incredible backcountry elk hunting
- ~ One mile of Hawley Creek onsite
- ~ \$1,600,000



Gardner Ranch

- ~ Fremont County, 12 miles from Rexburg
- ~ 200 acres consisting of river frontage, Teton Mountain views, & farm ground
- ~ 3/4 mile of Teton River, excellent trout fishing
- ~ Sportman's paradise for waterfowl hunting
- ~ Homesite with stunning scenery
- ~ \$1,000,000

Montana



Gustafson Ranch

- ~ Deerlodge County, 55 minutes west of Butte
- ~ 720 acres, adjacent to over 9 million acres of public lands
- ~ 2.5 miles of Big Hole River & LaMarche Creek
- ~ Homesites with opportune views of river & mountain peaks
- ~ \$1,900,000

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Alex Maher, Broker/Owner

William P. Healey, Associate Broker/Owner

Macye Lavinder Maher, Manager/Owner

Matt MacMillian, Associate Broker

Terry Fieseler, Associate Broker

Steve Robertson, Associate Broker

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Brian Hartley, Sales Associate

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Carlos Ordonez, Sales Associate

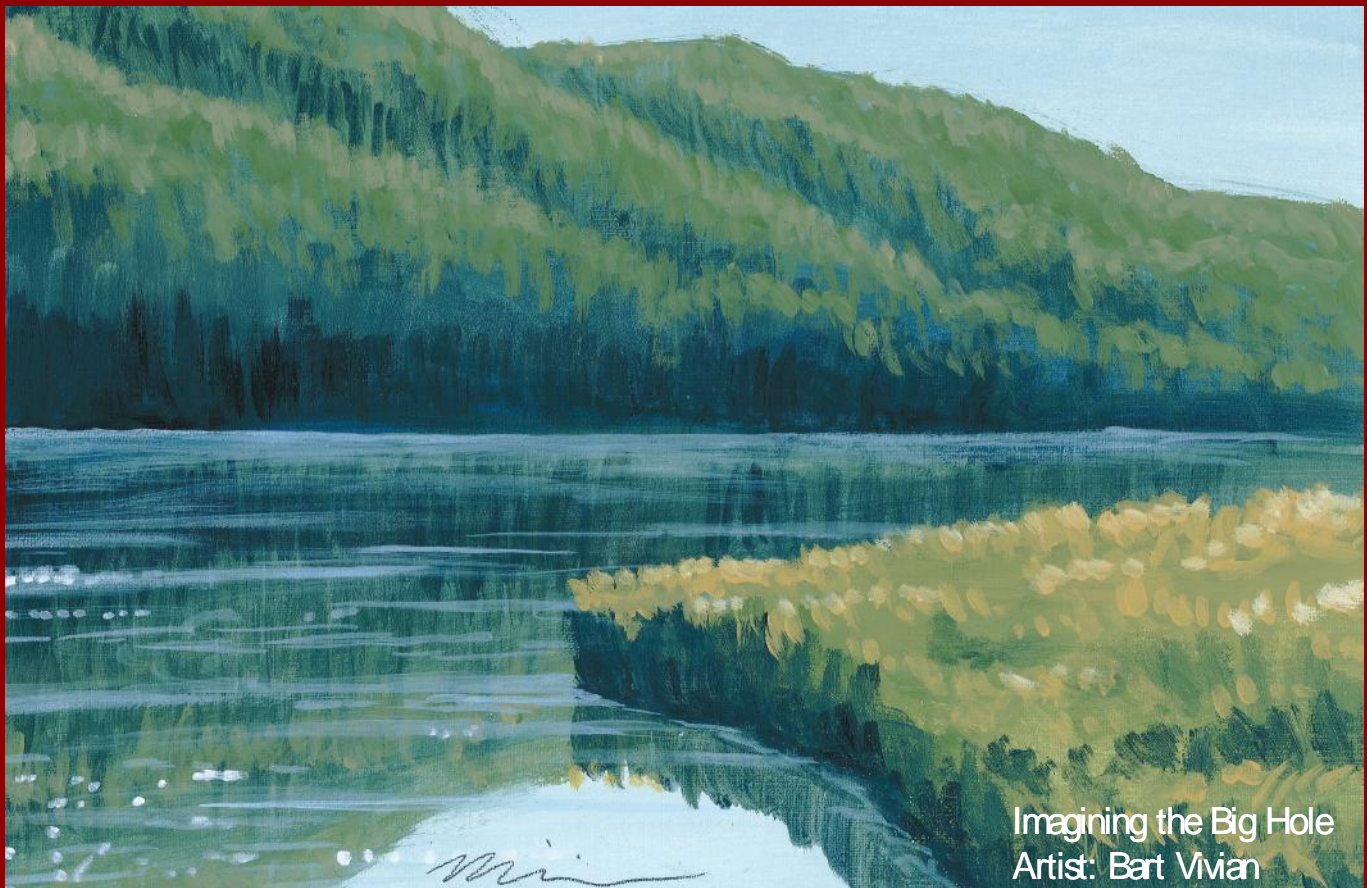
Ed Roberson, Sales Associate

John C. Tozzi, Sales Associate

Dan Vermillion, Sales Associate

Kelly Anne Rigby, Marketing

Brandee Ege, Research Administrator



Imagining the Big Hole
Artist: Bart Vivian