

United States Senate

WASHINGTON, DC 20510

December 7, 2007

The Honorable Linda Stiff
Commissioner
Internal Revenue Service
1111 Constitution Avenue, NW
Washington, D.C. 20224

Dear Commissioner Stiff:

We are writing about recent developments related to the Internal Revenue Service's (IRS) ongoing investigations of conservation easement donations in Colorado.

At the outset, we wish to emphasize two important points. First, we strongly support the effort to identify and deal with abusive transactions and with those who promote them. Landowners who have violated the law and abused the system must be held accountable. Neither we nor the conservation community in Colorado want these abusive practices to stain the long history and stellar record of the conservation movement in our state.

Second, we want to see a swift and just resolution to the pending investigations into conservation easement donations in Colorado. We understand that some of these audits deal only with questions over the valuation of the easements under investigation, and that you have pledged to work to resolve these cases expeditiously and fairly. We strongly urge you to uphold that commitment.

Colorado is the singular national leader in land conservation. This record has been bolstered in recent years through a commitment by local and state governments to utilize programs, such as Great Outdoors Colorado (GOCO), that provide mechanisms to purchase lands for the open space, parks, and trails we all enjoy. Since GOCO was created, nearly \$550 million has been invested in protecting lands of statewide significance, including the preservation of many farms and ranches. In fact, Colorado has now protected over half a million acres of farmland and ranchland through conservation easements under GOCO.

In part as a result of these efforts, the tradition of protecting open space for future generations has grown in Colorado, and an unprecedented number of landowners have

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taken up the call to participate in the effort to preserve our state's scenic wonders. We want to ensure that this tradition of conservation is not undermined, and that a cloud does not hang over the landowners in the conservation community in Colorado as a result of increased scrutiny from the IRS.

We recently learned that the IRS has begun an initiative to make settlement offers to a significant number of conservation easement donors under audit in which valuation of the easement is the sole issue, and that it has established a deadline of 30 days for taxpayers to accept or decline the offer. While we are encouraged that these investigations are a step closer to being resolved, a swift resolution must not come at the expense of fairness to the taxpayers, many of whom have endured burdensome, multi-year investigations into their conservation easements.

With this in mind, we ask that you extend the deadline for accepting the settlement offers by an additional 30 days. We also ask that you provide information to our offices – and to the taxpayers who received the offers, upon their request – regarding the criteria the IRS used in formulating its settlement offers.

Thank you for your consideration of this request. We look forward to your response.

Sincerely,



Wayne Allard
United States Senator



Ken Salazar
United States Senator

cc: Steve Miller, Commissioner for Tax Exempt and Government Entities, Internal Revenue Service