

United States Senate

WASHINGTON, DC 20510

May 28, 2026

The Honorable Scott Bessent
Secretary of the Treasury
United States Department of the Treasury
1500 Pennsylvania Avenue N.W.
Washington, D.C. 20220

Dear Secretary Bessent,

On May 13, 2026, the Internal Revenue Service (IRS) announced a settlement offer for taxpayers involved in certain syndicated conservation easement cases. The terms of the settlement offer properly balance holding participants in abusive tax shelters accountable with the need to resolve hundreds of cases in a timely and cost-efficient manner. Your dedication to preserving the integrity of the conservation-easement deduction is appreciated.

In 2020, the Senate Finance Committee released a bipartisan report detailing its investigation of syndicated conservation easements. This report documents how many of these transactions are “nothing more than retail tax shelters that let taxpayers buy tax deductions at the end of any given year.”^[1] These transactions generally rely on inflated appraisals cooked up to turn a charitable deduction intended to promote conservation into a money-making enterprise that turns a profit at the expense of American taxpayers. The IRS and the Department of the Treasury are justified in their vigorous enforcement efforts to put an end to this abuse and discourage the development of similar schemes moving forward.

As strong supporters of the conservation easement deduction, we understand the importance of preventing its abuse. This is why we worked together to enact the Charitable Conservation Easement Program Integrity Act which generally caps the deduction at 250 percent of the taxpayer’s basis in the property. This cap helps ensure conservation easement donations are made for charitable purposes and not to turn a profit. It sets an upper limit on the size of the deduction to prevent the most egregious abuses. However, a deduction generated by a syndicated conservation easement that is below this cap may still be illegitimate. The caps existence must not be allowed to be used by bad actors to justify a charitable deduction where none is warranted.

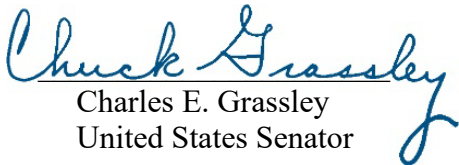
By implementing and enforcing the announced settlement, the Department will ensure the conservation easement incentive is preserved for farmers, ranchers, and landowners acting in good faith while deterring bad actors who monetize the tax code at the expense of taxpayers. Additionally, it will provide clarity and predictability for enforcement, reporting, and compliant taxpayers. For these reasons, we urge the Department to maintain the terms of the settlement and

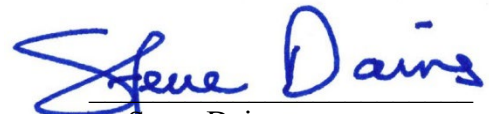
^[1] U.S. Senate Committee on Finance, Syndicated Conservation Easements, August 2020, <https://www.finance.senate.gov/download/syndicated-conservation-easement-transactions-print-116-44>

its enforcement posture against abusive syndicated conservation easement arrangements. This course protects taxpayers, supports bona fide conservation, and respects Congress's legislative intent in passing the Integrity Act.

Thank you again for your steadfast commitment to preserving the integrity of the conservation-easement deduction.

Sincerely,


Charles E. Grassley
United States Senator


Steve Daines
United States Senator

Cc: Kenneth Kies, Assistant Secretary for Tax Policy