

U.S. Senate Committee on Finance

For Immediate Release

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Grassley, Baucus Hope to End Facade Easement Abuse Effective Today

WASHINGTON – Sen. Chuck Grassley, chairman of the Committee on Finance, and Sen. Max Baucus, ranking member, today said they plan to put forth legislation early next year that would increase and create additional fines and penalties on promoters, taxpayers and appraisers who participate, aid or assist in the donation of facade easements found to be significantly overvalued. The senators plan to make the additional fines and penalties effective today.

“A recent series in The Washington Post provided chapter and verse of how individuals are inflating the value of donated ‘facade easements’ to save thousands of dollars in taxes,” Grassley said. “It’s very discouraging to find yet another example of snake oil salesmen misusing tax-exempt status and abusing the tax laws intended to encourage charitable giving, all for the purpose of making a fast buck. Unfortunately the snake oil salesman are conning many well-intentioned homeowners into this newest scam.

“Some people might be thinking they should rush to hitch up this horse before Congress closes the barn door. Current law already makes it clear that overvalued facade easements are illegal. I’ll seek to pass legislation that will be effective today and will significantly increase the fines and penalties for those who contribute a facade easement and take an inflated valuation; the promoters of this facade easement scam; and the appraisers who give inflated appraisals of facade easements.

“Overvalued facade easements are pretty obvious. For example, it’s ridiculous for people in Georgetown to take tens of thousands of dollars in charitable tax deductions for agreeing not to put aluminum siding on their million-dollar brick houses when local laws and regulations already prohibit such activity. Over the years, American communities have benefited from tax incentives that foster historic preservation. I want to continue the important goal of historic preservation while ending the abuse.”

Baucus said, “Historic preservation plays an important role in maintaining the character of cities and towns across Montana and the country, but I am concerned that some individuals marketing facade easements may be taking advantage of homeowners with limited knowledge of the laws governing these complex arrangements. This practice must stop. The integrity of the historic preservation movement and the tax system rely on people following the rules, and these scam artists are thumbing their nose at the laws on the books.”

Accordingly, Grassley and Baucus today announced their intent to implement reforms to the tax laws governing facade easements that will increase and create additional fines and penalties on

promoters, taxpayers and appraisers who participate, aid or assist in the donation of facade easements that are found to be significantly overvalued. In addition, the senators plan to consider legislation to reform the current law regarding donation of facade easements that would limit the amount that could be deducted.

The public is on notice that those increased and additional penalties, as well as the possible reforms, will be effective as of today. In addition, Grassley and Baucus said they are calling on the IRS commissioner to make review of facade easements a priority for audit.