Convenience in the

Ranches offer savvy sportsmen a tax-friendly alternative to over-hunted public lands.
IN THE ROLLING HILLS and canyons of Nebraska, the terrain is so rich and varied that it has long been known as prime wildlife habitat. To cite one of many examples, one 2,300-acre parcel of land attracts prolific numbers of elk and whitetail deer thanks to its diverse topography: grasslands punctuated by thickets, vast grain fields, wooded draws, shelter belts and ponds galore. It’s little wonder scores of trophy game, upland birds and waterfowl call the place home.

For the hunter, it’s the sweetest patch of land imaginable. The trouble is, places like that are becoming more and more scarce, and therefore less available for public hunting. But for those with enough imagination and resources, there is always a solution.

Consider the Nebraska example. The 2,300-acre parcel is not a natural wilderness area but a ranch that was specifically developed with the hunter in mind. This property, the so-called Meridian Canyon Ranch, was transformed into the ultimate hunting retreat by the Nebraska Wildlife Ranch Company, a land management firm that specializes in establishing habitat and healthy, high-density wildlife populations on private lands.

It’s a concept that is catching on rapidly, according to experts in the field. “What Nebraska Wildlife Ranch Company is doing is becoming more of a trend,” says Billy Long, managing director of Mason & Morse Ranch Company in Colorado, the listing broker for Meridian Canyon and other ranches like it. “As public hunting becomes more difficult, the desire for private ranch lands is becoming greater.”

With good reason. For starters, a hunting ranch assures privacy—“They don’t get shot at,” quips Long—and control: The quality and quantity of wildlife is generally higher on private property because landowners tend to be stewards of the land, creating and maintaining the type of habitat that attracts game herds.

That said, it’s important to distinguish among ranch properties, as they are decidedly not created equal. Location, as with all real estate, is of paramount importance. Ideally, says Greg Fay, owner of...
Fay Ranches in Montana, “A ranch that borders national forest land and/or wilderness areas is ideal,” because wildlife lives in those protected and wild lands. Neighboring such lands is important as game moves around, especially during hunting season. In particular, public property that is heavily hunted during hunting season spells good news for its neighboring landowner.

“The animals could be pushed onto your property,” says Jim Taylor, managing director of Hall & Hall in Montana. “We have a property that’s a classic example. Cinnabar Ranch has 500 acres on the border of Yellowstone [National Park in Wyoming] and gets huge numbers of animals. There are elk, mule deer, mountain goats, bighorn sheep, wolves, black and grizzly bears, all traversing the boundaries.”

The property’s topographical profile is another consideration. Says Taylor, “You’re looking for property that is configured in such a way that the first shot isn’t going to run all the wildlife off into someone else’s property. It needs to be broad and long enough, and take in several drainages. That way the game won’t want to leave.”

A key characteristic of the quintessential hunting ranch is water. “Water is the gold of the new century,” says Long. “It is the key element in any trophy ranch and the one thing that everyone is looking for. It attracts wildlife, and it usually means there’s fishing.”

Properties on water, says Long, are considered premium because they provide for irrigation and recreation. “We have properties where the water is appraised higher than the land,” he notes. “It’s just such a rare commodity. It’s hard to get pure water anymore.”

Castleton Ranch in Gunnison best illustrates that point. A classic trophy ranch, it borders the West Elk Wilderness and Gunnison National Forest, and is picture-perfect in terms of terrain diversity. But most importantly, the Ohio Creek runs through it. “It has 214 cubic feet of water rights and is 52 percent irrigated,” says Long. “There is a ton of elk and mule deer on the property, as a result. The other day there were 200 elk [grazing] in the river bottom.”

Habitat, agrees Fay, is all-important. “You have to have cover, food—good quality food—and water,” he explains. “Wildlife congregates around waterways and loves nutrient-rich forage. If you have diversity of ecosystems, from riparian to bench ground to alpine, you will have the numbers.”

Of course, it’s rare to find all these characteristics in one neat package. If a ranch is ideally located but doesn’t have the ideal conditions to attract and keep game herds, no problem: Habitat can always be created. Fay Ranches’ sister company, Fay Management, does just that.
“If we sell a ranch that has been undercapitalized for many years and is in disrepair, we can go in and rehabilitate it by creating wildlife habitat and enhanced water resources,” Fay says. “We have rebuilt spring creeks that are now trophy fisheries, put in fencing and irrigation systems, built lodges, even put in a driving range. We custom create a ranch for a buyer’s recreational needs.”

Hunting, albeit a primary motivator, is only part of the reason outdoorsmen buy such properties. There are plenty of other benefits to owning a hunting ranch. For starters, some states give preference to residents and landowners when distributing tags during hunting season. In New Mexico, for instance, permits are assured by virtue of owning the land, even without residency status. There, says Long, “You get so many permits that go with the land. When it comes to permits, it is preferable to be on the New Mexico side of the New Mexico/Colorado state line.”

Another advantage to owning a hunting ranch is the potential tax savings. One of the most popular tools, according to Alex Maher, broker/owner of Live Water Properties in Jackson, Wyoming, is a conservation easement. “When you write it into your deed, it conserves the land in perpetuity,” Maher explains. “Basically, you donate your development rights and restrict further use. You effectively donate a part of the value to a land trust organization, which the IRS recognizes as a charitable contribution.”

Conservation easements can be as liberal or conservative as the owner wishes. The most popular version, says Maher, “allows certain [agricultural] uses, such as growing hay, or the ability to offer commercial hunting packages. The more restrictive the easement, the more tax benefit you get. You can write them any way you want.”
Greg Fay explains further. “Clients are buying these ranches as a very large toy. They’ve made their money elsewhere and have no intention of making money off this ranch. By permanently giving up their rights to subdivide and develop the ranch, they can have a charitable deduction off their income tax over a period of six years.

“Say, for example, you buy a ranch for $5 million and put in an easement. If the appraiser decides the rights you’ve given up might be worth 50 percent of the ranch’s value, in effect you’ve made a $2.5 million charitable contribution.”

Because a typical hunting ranch buyer is environmentally minded, conservation easements on such properties are common. “These properties are going into strong hands,” says Long. “People are buying them, writing easements in, putting them into family trusts and handing them down to their descendants with less tax impact. That’s what Ted Turner is doing. He was a pioneer in conservation easement tax strategy.”

In addition to wildlife habitat preservation easements, property owners can also give up their rights to ever run commercial cattle on their ranches, writing the value even further down. But, Long points out, “You can still use the property for agriculture or commercial hunting—you just can’t cut it up and develop it. You’ve preserved the land forever, taken the tax advantage, but maintained some commercial rights.

“It’s a win-win situation,” explains Maher. “It’s a sound investment, but it also has a lifestyle return. These individuals are setting up legacies for their children and grandchildren, and creating a nice retreat environment for their own recreation. They don’t just buy it for hunting, but also for the feeling of getting back to the land.”

Details

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