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STROLL THROUGH Georgetown, Capitol Hill or Old Town Alexandria, and the aesthetic benefits of historic preservation are apparent. Less obvious -- but for homeowners a motivating factor, along with safeguarding the architectural charm of their neighborhoods -- are the tax benefits. As detailed by The Post's Joe Stephens, a growing number of homeowners, in the Washington area and around the country, are taking hefty tax deductions for donating "facade easements" -- promises not to alter the outward appearance of their homes without permission. Though such changes may already be barred by local ordinances, and granting such an easement may not actually diminish the resale price, the taxpayers generally get breaks amounting to about 11 percent of their homes' value.

Even more disturbing, the practice of peddling these donations has turned into a lucrative business for some supposedly nonprofit groups. Mr. Stephens described the operations of one local nonprofit, the National Architectural Trust, which in the past four years took in nearly \$17.5 million in "contributions" -- actually administrative fees. In 2003 alone, the trust paid more than \$5.5 million to a for-profit facilitation company -- which pitches the easements and processes the paperwork -- owned by the nonprofit's founders. After being contacted by The Post, the owners, James M. Kearns and Steven McClain, said they planned to donate their company's assets back to the trust, "to make it look squeaky clean."

There's no problem in theory with such easements; indeed, they ought to be encouraged, which is precisely the point of the tax break. Local ordinances are subject to change, so there is value in the commitment in perpetuity provided by an easement. The difficulty arises in accurately valuing that commitment -- and six-figure deductions, particularly where historic preservation statutes already are in place, seem dubiously inflated.

The Internal Revenue Service, until recently, has been worse than lax in its policing of these easements: It has actually suggested that such inflated valuations are appropriate. To its credit, the IRS is now taking a more aggressive stance toward regulating charities. As part of that effort, it ought to take a closer look not only at the easements themselves but at "easement mills," such as that run by Messrs. Kearns and McClain, which have a built-in incentive to abuse the deduction.

Indeed, the operation of their nonprofit organization, with its generous salaries and lucrative for-profit enterprise that reaped millions in fees, points up a broader problem with the administration of nonprofits and their oversight by the IRS. Lavish compensation packages, deals that enrich insiders, sleepy boards of directors, loose financial controls -- many of the same problems that plagued corporate America are replicated in the nonprofit sector. "There are increasing indications of failures in governance and outright abuse within this sector," IRS Commissioner Mark W. Everson told the Senate Finance Committee. The Post's reports on Sunday and yesterday present yet another one.