State Conservation Commission

PA REAP
Resource Enhancement and Protection

FY 2011-12

Annual Report

> "Farmers are the original stewards of the land, and the state's investment of more than $39 million over the past five years has helped producers farm for the future without compromising the needs of the present. REAP will continue to support Pennsylvania's mission of conserving clean water and air while helping our farms remain viable and productive."
>
> Secretary George Greig, Pennsylvania Department of Agriculture

What is REAP?

Act 55 of 2007 created the Resource Enhancement and Protection (REAP) Program. REAP allows farmers and businesses to earn state tax credits in exchange for the implementation of conservation Best Management Practices (BMPs) on Pennsylvania farms that will enhance farm production, protect natural resources and reduce nutrient and sediment loads in our waterways. REAP applicants, unless working with a sponsor, must cover all up-front costs of installation of the practice or purchase of eligible equipment. Only after the project is complete will tax credits be awarded. The State Conservation Commission approves eligible projects and the Pennsylvania Department of Revenue awards the REAP tax credits after a review to determine that the applicant is current on all state tax obligations.

Who is Eligible?

Any individual or business who is subject to taxation by the Commonwealth of Pennsylvania under any of the following taxes is eligible to participate in REAP: Personal Income Tax, Corporate Net Income Tax, Capital Stock and Franchise Tax, Bank Shares Tax, Title Insurance Company Premiums Tax, Insurance Premiums Tax and Mutual Thrift Institutions Tax.

Farmers can participate in three ways:

- Implement eligible best management practices and receive tax credits directly to reduce a state tax bill
- Sell tax credits to another Pennsylvania taxpayer
- Work with a sponsor that will help finance a farmer's BMPs. The farmer is compensated for making improvements and the sponsor will receive the tax credit

Program Procedures

Under the REAP Program, the commission accepts two types of applications:

- Applications for projects that are complete (after October 23, 2007)
- Proposed projects that are to be completed after the commission determines project eligibility

As eligible projects are completed, the applicant must provide the commission signed certification that the project is complete and receipts of total actual costs. Upon receipt of these documents, the commission provides notification to the Department of Revenue that the eligible applicant has completed a project that meets the criteria for a REAP tax credit and the amount of tax credit for the eligible applicant. The revenue department conducts a compliance check to determine if the applicant has filed all required state tax reports and returns for all applicable tax years and paid all balances of state taxes due. Within 60 days of notice from the commission that a completed project is eligible, the revenue department issues a credit certificate letter to the eligible applicant.

Demand for the Program

The program has approved and awarded credits in five state fiscal years – FY 2007-08, 2008-09, 2009-10, 2010-11 and 2011-12. In the first two fiscal years the total maximum amount of credits approved was $10 million per fiscal year. In FY 2009-10, the total amount of credits approved was $5 million. In FY 2010-11 REAP credits approved was reduced to $4.5 million. In fiscal year 2011-12 REAP tax credit levels were restored to $10 million. In each program year, demand for available credits exceeded the total amount of credits available for that year.

Economic Benefits

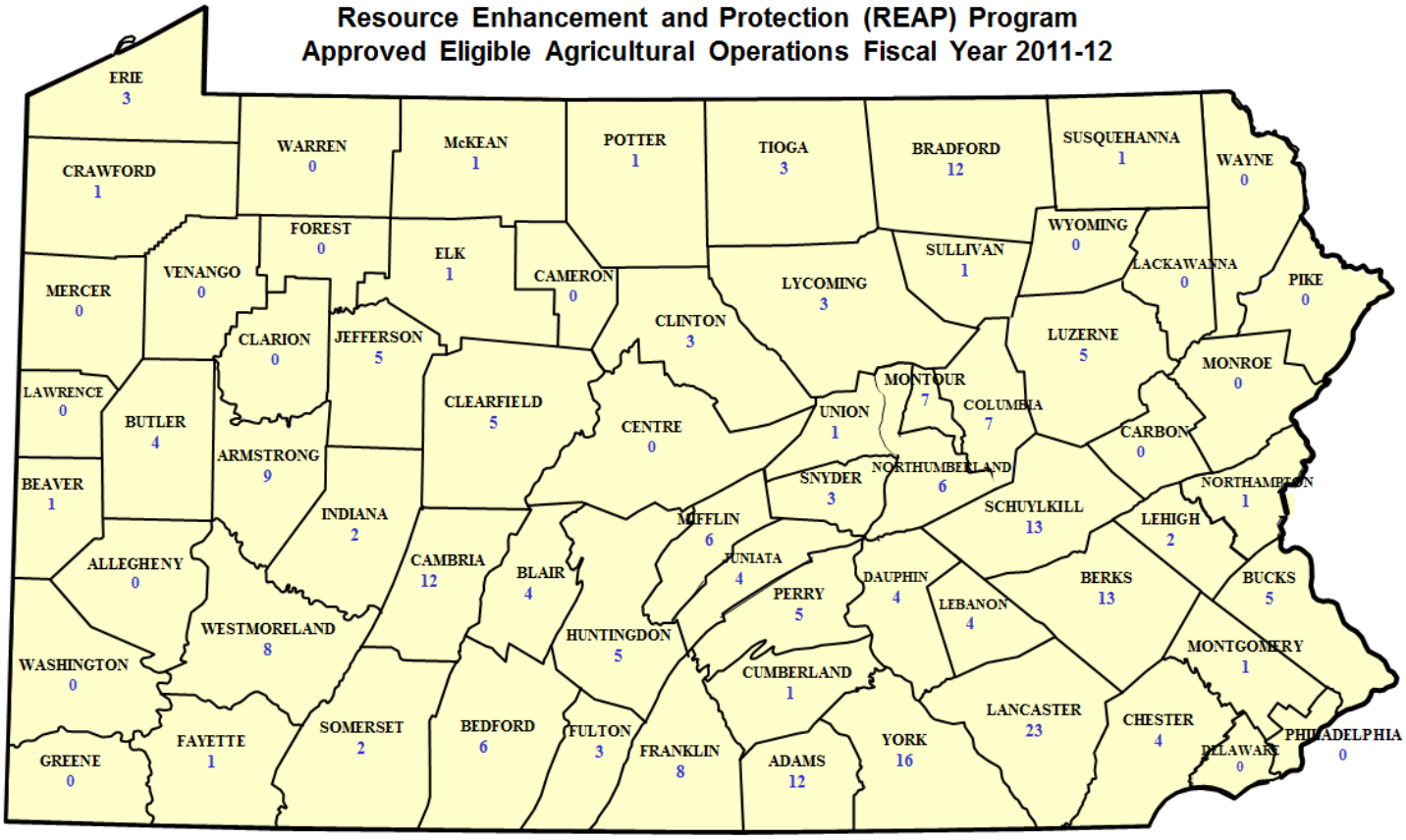
REAP generates significant private investment, as farmers pay 25-50 percent of the total project costs for BMPs and equipment.

The FY 2011-12 REAP program generated more than $12.7 million in private investments for the installation of BMPs and the purchase of equipment. The projects leveraged another $2.2 million in other public monies for a total project cost of $14.9 million.

Project Distribution

By providing state tax credits, REAP helps producers make investments in the environment and natural resources while at the same time enhancing the viability of the farm operation.

Over the first five years of the program, REAP has provided the opportunity for improved environmental stewardship and economic viability on more than 1,230 farming operations in 62 counties across the commonwealth. In FY 2011-12, the REAP program approved 248 eligible agricultural operations.



FY 2011-12 Best Management Practices Completed and Credits Awarded

(as of 3/11/2013)

BMP Name	Number	Total BMP Cost	Total Other Public Money Use	Private Investment	Credit Awarded to Date
Access Road	8	$47,081.70	$26,592.00	$20,489.70	$10,243.86
Additional Expense For BMPs Previously Credited	2	$9,431.00	$0.00	$9,431.00	$4,715.50
Animal Trails and Walkways	5	$39,762.67	$27,354.00	$12,408.67	$6,204.34
Brush Management	1	$3,957.50	$0.00	$3,957.50	$1,978.75
Clearing and Snagging	1	$8,360.00	$0.00	$8,360.00	$4,180.00
Closure of Waste Impoundments	1	$76,580.41	$0.00	$76,580.41	$3,829.21
Conservation Plan	4	$7,900.00	$0.00	$7,900.00	$5,925.00
Cover Crop	7	$42,262.87	$0.00	$42,262.87	$16,464.00
Critical Area Planting	3	$4,520.00	$2,197.00	$2,323.00	$1,161.50
Diversion	2	$9,090.00	$2,090.00	$7,000.00	$3,500.00
Fence	14	$200,612.07	$40,748.88	$159,863.19	$77,498.18
Grassed waterway	4	$36,494.54	$11,135.00	$25,359.54	$12,679.77
Grazing Land Mechanical Treatment	1	$2,000.00	$0.00	$2,000.00	$1,000.00
Heavy Use Area Protection	16	$833,780.06	$534,031.88	$299,748.18	$264,112.12
Lined Waterway or Outlet	2	$19,221.93	$9,675.00	$9,546.93	$4,773.47
Manure Incorporation Equip./Low-Disturbance	31	$1,149,619.00	$0.00	$1,149,619.00	$574,809.50
Manure Transfer	10	$315,002.97	$115,862.03	$199,140.94	$97,897.56
No Till Planting Equipment - Drill	51	$1,861,606.06	$0.00	$1,861,606.06	$93,930.00
No Till Planting Equipment - Planter	94	$6,536,252.64	$0.00	$6,535,252.64	$3,076,765.72
Nutrient Management Plan (NRCS 590 or ACT 38)	33	$89,253.25	$6,718.00	$82,535.25	$61,260.48
Obstruction Removal	3	$25,875.85	$5,650.00	$20,225.85	$10,112.93
Pasture and Hay Planting	1	$10,379.25	$0.00	$10,379.25	$5,189.63
Pipeline	1	$2,986.00	$718.51	$2,267.49	$1,133.74
Pond Sealing or Lining	2	$121,187.50	$13,374.72	$107,812.78	$53,906.39
Pumping Plant for Waste Water Control	5	$149,360.93	$97,239.50	$52,121.43	$26,219.47
REAP Application Preparation	79	$23,775.00	$0.00	$23,755.00	$17,816.00
REAP Manure Management Summary	4	$2,684.00	$0.00	$2,684.00	$1,994.25
Roof Runoff Structure	7	$27,266.77	$7,947.00	$19,319.77	$13,167.21
Silage Leachate Management	1	$152,511.85	$139,356.00	$13,155.85	$6,577.93
Spring Development	3	$66,007.11	$8,351.13	$57,655.98	$28,527.93
Stream Crossing	3	$20,248.63	$7,070.00	$13,178.63	$6,589.32
Structure for Water Control	3	$25,179.51	$900.00	$24,279.51	$9,819.00
Subsurface Drain	8	$61,118.90	$2,441.00	$58,677.90	$25,018.28
Subsurface Drainage	1	$4,347.00	$724.00	$3,623.00	$2,717.25
Terrace	1	$3,522.00	$1,815.00	$1,707.00	$853.50
Tree/Shrub Establishment	1	$1,812.49	$1,065.60	$746.89	$373.45
Underground Outlet - 50%	10	$71,210.77	$17,413.44	$53,797.33	$29,246.64
Vegetated Treatment Area	1	$1,142.50	$0.00	$1,142.50	$865.88
Waste Facility Cover	2	$352,019.00	$135,990.72	$216,028.28	$85,570.14
Waste Storage Facility	25	$2,473,631.70	$993,578.25	$1,480,053.45	$723,743.89
Water Well	1	$11,939.05	$7,500.00	$4,439.05	$2,219.52
Watering Facility	1	$1,370.00	$718.50	$651.50	$325.75
Totals	**453**	**$14,968,262.55**	**$2,218,257.24**	**$12,683,087.32**	**$6,212,067.59**

Statewide Environmental Impact of REAP

While it is not possible to track every benefit REAP has on the environment, using the Chesapeake Bay Program Model it is possible to estimate benefits related to certain Best Management Practices. Provided are the estimated reductions in nitrogen, phosphorus and sediment for those practices measured by the bay model.

The contribution of the REAP program to cleaner Pennsylvania streams is a significant reduction of nitrogen, phosphorus and sediment discharges as a result of the implementation of REAP BMPs and equipment purchases. Nutrients are a valuable resource that can be managed more efficiently for economic and environmental benefit. REAP has proven to be an effective tool to provide farmers with the resources necessary to reduce nutrient and sediment runoff from their farms, while increasing farm productivity and reducing costs.

For more information contact:
Pennsylvania Department of Agriculture
State Conservation Commission
717.787.8821 | www.agriculture.state.pa.us

Estimated pollution reduction for BMPs implemented and equipment purchased for the program year 2011-12:

Nitrogen - Pounds

Conservation Plan	1,350
Conservation Tillage	283,148
Cover Crop	914
Critical Area Planting	91
Grassed Waterway	119
Heavy Use Area Protection	45
Nutrient Management Plan	12,600
Off-Stream Watering Facility	4
Roof Runoff Structure	9
Streambank Fencing	466
Tree/Shrub Establishment	41
Waste Storage Facility	134,235
Total	**433,022**

Phosphorus - Pounds

Conservation Plan	94
Conservation Tillage	9,438
Cover Crop	18
Critical Area Planting	2
Grassed Waterway	13
Heavy Use Area Protection	3
Nutrient Management Plan	882
Off-Stream Watering Facility	1
Roof Runoff Structure	1
Streambank Fencing	81
Tree/Shrub Establishment	1
Waste Storage Facility	8,645
Total	**19,178**

Sediment - Tons

Conservation Plan	34
Conservation Tillage	4,822
Cover Crop	9
Critical Area Planting	1
Grassed Waterway	5
Heavy Use Area Protection	3
Off-Stream Watering Facility	1
Roof Runoff Structure	1
Streambank Fencing	30
Tree/Shrub Establishment	1
Total	**4,907**

Pennsylvania SCC State Conservation Commission

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