

State Conservation Commission



FY 2015
Annual Report

“Healthy farms and healthy waterways can co-exist and this program is just one example of the support offered to the state’s farmers in their efforts to be conservation stewards of the land. Funding provided by the REAP program helps our farmers implement practices that benefit their farms and work to protect water quality at the same time.” - Department of Agriculture Secretary Russell Redding.

What is REAP?

The Resource Enhancement and Protection (REAP) Program was created by Act 55 of 2007. REAP allows farmers, businesses and landowners to earn state tax credits in exchange for the implementation of conservation Best Management Practices (BMPs) on Pennsylvania farms. These practices protect natural resources, reduce nutrient and sediment pollution in our waterways, and enhance farm production. REAP applicants cover all up-front costs of installation of the practice or purchase of eligible equipment. Upon completion of the REAP-eligible project, tax credits are awarded. REAP is a **first-come, first-served** program. REAP also allows other PA businesses to participate in the program by sponsoring a farmer’s project.

The State Conservation Commission administers the program and determines a project’s eligibility. 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 and landowners can participate in three ways:

- Use the tax credits directly to reduce a state tax bill
- Sell tax credits to another Pennsylvania taxpayer 1 year after the award of credits
- Work with a sponsor that will help finance a farmer’s BMPs. The sponsor pays for the project up-front and receives the tax credits upon its completion.

Program Procedures

Under the REAP Program, the State Conservation 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

The State Conservation Commission determines the eligibility of the applicant and the project. Upon completion of eligible projects, the applicant must provide the commission receipts of total actual costs and signed certification that the project has been installed/completed properly. The Department of Revenue conducts a compliance check to determine if the applicant has filed all required state tax reports 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 to the eligible applicant.

Demand for the Program

The program has awarded credits in nine state fiscal years – FY 2007-08 through FY 2013-2014. The REAP program has been allocated \$10 million annually. However, in FY 2009-10, the allocation of credits approved was reduced to \$5 million. The allocation of REAP credits was reduced further to \$4.5 million in FY 2010-11. In fiscal year 2011-12 REAP tax credit levels were restored to \$10 million. In each program year, demand for available credits has greatly exceeded the total amount of credits available for that year.

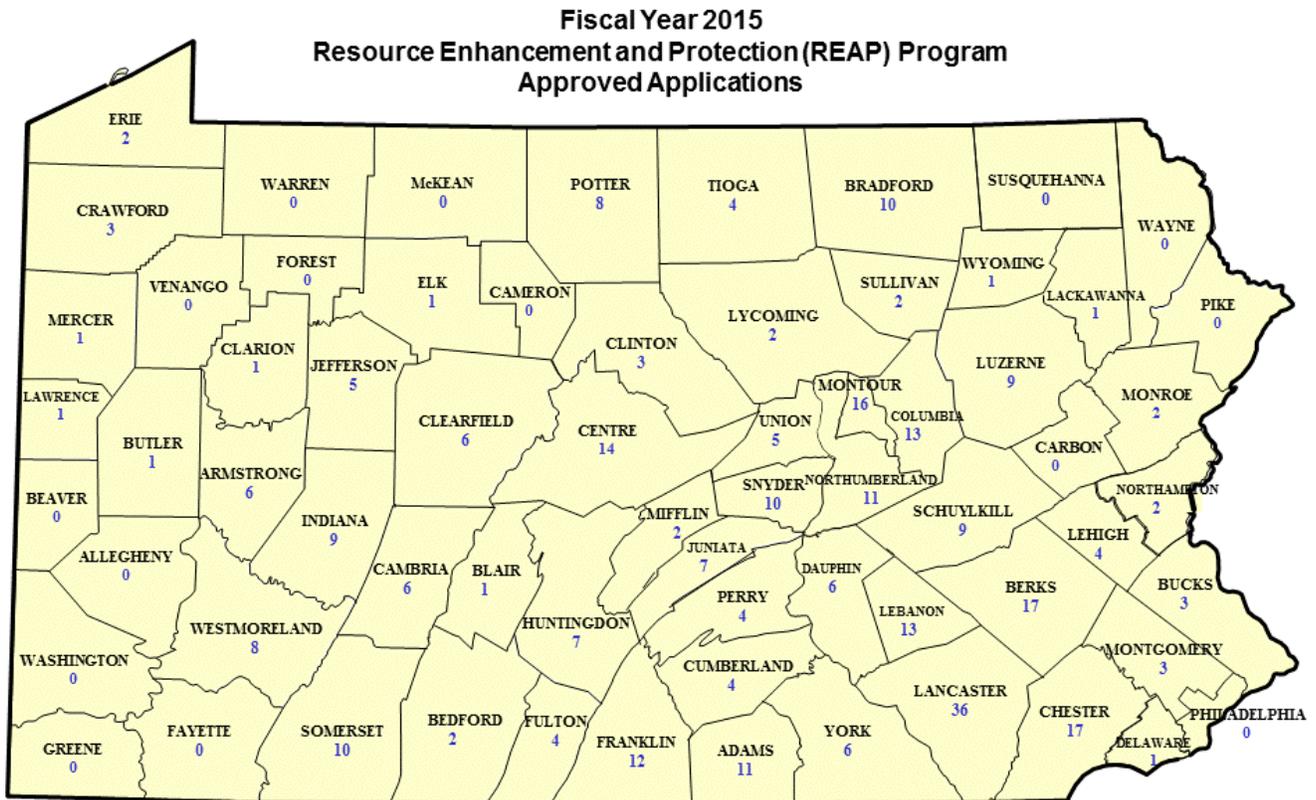
Economic Benefits

REAP generates significant private investment, as farmers pay 25 - 50 percent of the total project costs for conservation BMPs and equipment. The FY 2015 REAP program generated more than \$20.7 million in private investments for the installation of conservation practices and equipment investments. The projects leveraged another \$4.06 million in other public funds for a total project cost of \$25.2million.

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 nine years of the program, REAP has provided the opportunity for improved environmental stewardship and economic viability on more than 2,200 farming operations across the commonwealth. In FY 2015 the REAP program approved projects on 331 eligible agricultural operations in 52 counties.



Total Approved Ag Operations - 331

FY 2015 Best Management Practices Approved Projects and Credits Awarded

(as of 07/17/2017)

Conservation Practice	#	Total Cost	Other Public Funding	Reap Eligible Amount	Credit Granted Amount (to date)
No-Till Drill	97	\$3,787,470.00	\$0.00	\$3,738,770.00	\$1,626,494.00
No-Till Planter	107	\$6,903,831.05	\$0.00	\$6,535,793.07	\$2,832,423.50
Precision Nutrient Application	40	\$330,190.16	\$0.00	\$330,190.16	\$105,346.00
Agriculture E&S/Conservation Plan	57	\$80,543.14	\$1,000.00	\$79,543.14	\$49,440.00
Nutrient Management Plan	41	\$131,747.37	\$13,266.00	\$118,481.37	\$71,311.00
Manure Management Plan	14	\$23,847.95	\$0.00	\$23,847.95	\$13,875.00
Heavy Use Area Protection	50	\$2,483,713.93	\$861,734.92	\$1,610,249.00	\$556,929.00
Waste Storage System	66	\$7,177,542.07	\$1,928,828.39	\$5,245,664.50	\$1,327,202.00
Roofs and Covers	30	\$1,371,992.92	\$743,579.54	\$628,412.38	\$145,129.00
Cover Crop	18	\$154,097.28	\$15,304.90	\$137,700.26	\$59,107.00
Composting Facility	3	\$125,351.08	\$29,513.31	\$95,837.77	\$47,919.00
Grazing Practices	21	\$416,223.48	\$171,279.52	\$244,953.57	\$72,202.00
Residue Management	34	\$1,344,747.86	\$0.00	\$1,344,747.86	\$603,216.00
Grassed Waterway System	41	\$589,935.65	\$247,508.23	\$343,938.09	\$100,887.00
Streambank Protection	11	\$88,014.70	\$37,233.00	\$50,781.70	\$12,602.00
Water and Sediment Control Basin	11	\$208,797.91	\$12,028.60	\$186,698.28	\$78,001.00
TOTAL		\$25,218,046.55	\$4,061,276.41	\$20,715,609.10	\$7,702,083.50

Statewide Environmental Impact of REAP

The contribution of the REAP program to cleaner streams in Pennsylvania is significant. Implementation of REAP BMPs, as well as investments in no-till and precision ag equipment, lead directly to reductions of nitrogen, phosphorus, and sediment discharges into surface waters in Pennsylvania. These nutrients are also a valuable resource that can be managed more efficiently for economic and environmental benefit. REAP has proven to be an effective tool; providing farmers with the resources necessary to reduce nutrient and sediment runoff from their farms, while increasing farm productivity and efficiency.

While it is not possible to track every benefit REAP has on the environment, the Chesapeake Bay Program Model can help estimate benefits related to certain Best Management Practices. Previous estimates of annual reductions tied to REAP have been approximately 430,000 lbs N, 19,000 lbs P, and 5000 tons of sediment.

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

