

# Incentive Programs for Resource Management and Conservation

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**D**o you have great ambitions for resource improvements on your property, but have limited resources or technical skills to carry them out? Read on!

Cost-share programs are one way to accomplish expensive rehabilitation projects for minimal out-of-pocket cost. A number of government cost-share programs can partially reimburse qualifying landowners for enhancing resources that have social or environmental importance: water, soil, wildlife, and forest land productivity.

This is a brief overview of some of the many assistance programs available. The tables on pages 2–4 summarize eligibility requirements, grant amounts, and qualifying practices of the different programs.

We focus on some of the more stable programs. Funding varies in some programs from year to year, and sometimes special programs are available, although those are not included here. Be sure to contact the responsible agency for current program details. Find agencies in the government pages of your local phone book. The **Oregon Department of Forestry (ODF)** and **Oregon Watershed Enhancement Board (OWEB)** are listed under State Government. The **Farm Services Agency (FSA)** and the **Natural Resources Conservation Service (NRCS)** are listed under Federal Government.

So where do you start? The first step in any project should be a management plan. There are many different types, with different points of focus and levels of detail. Plans can be written by resource management professionals or by the landowner. The ODF may provide cost-share funds for landowners to hire a professional forester to develop a **forest stewardship management plan**. Local Soil and Water Conservation Districts have professionals who often can help write conservation plans for the landowner. OSU Extension Forestry provides programs to help landowners develop their own woodland management plans.

What might be the appropriate program for you? The **Forest Resource Trust (FRT)** and **Forest Land Enhancement Program (FLEP)** provide broad financial assistance. Their programs focus on upland forestlands and improving the productivity of lands on which trees are not growing to their full potential. If you are trying to enhance watershed functions on your property, OWEB



*(continues on page 5)*

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## Eligibility Requirements

Incentive Programs	Whom to Contact	Ownership Size (acres)	Project Size (acres)	Target Project Type	Length of Ownership	Written Plan Required?	Land Use Type	Application Period*
Forest stewardship management plans	ODF	10 or more	10 or more	Create management plan	No restriction	No	Forest, ag	c
Forest Resource Trust	ODF	10 to 5,000	10 or more	Unproductive forest lands <sup>4</sup>	No restriction	Yes	Forest, ag	c
Forest Land Enhancement Program	ODF, FSA	10 to 5,000 <sup>2</sup>	up to 1,000	Afforestation, forest stand improvement, rehabilitation after wildfire	No restriction	Yes	Forest, ag	a
Watershed Improvement Grants	OWEB	Any	Any	Benefit water quality or quantity or species recovery	No restriction	No	Any	a
Small Grant Program	OWEB (local Small Grant Team)	Any	Any	Benefit water quality or quantity or species recovery	No restriction	No	Any	c
Conservation Reserve Program	FSA	Any	Any	Erosion control	1 year or more	Yes	Ag	a and c
Conservation Reserve Enhancement Program	FSA	Any	Any	Water quality and riparian buffer establishment	1 year	Yes	Ag	c through 2007
Environmental Quality Incentives Program	NRCS	Any	Any	Improve watershed health	No restriction	Yes	Ag, forest	a
Wildlife Habitat Incentives Program	NRCS	Any	Any	Wildlife enhancement	No restriction	Yes	Any private	a
Wetland Reserve Program	NRCS	Any	Any	Wetland restoration, enhancement <sup>5</sup>	1 year or more	Yes	Any private	c
State tax credit	ODF <sup>1</sup>	5 or more	None <sup>3</sup>	Underproductive forest lands	No restriction	No	Forest, ag	c
Federal tax credit	IRS or qualified tax adviser <sup>1</sup>	No restriction	No restriction	Reforestation	No restriction	No	Any	When filing income tax return

\*a=announced; c=continuous. See other footnotes on page 5

## Program Features

Incentive Programs	Cost-share Rate	Maximum Allotment	Rental Payments	Length of Contract
Forest stewardship management plans	Up to 75%	Variable	None	None
Forest Resource Trust	Up to 100% <sup>6</sup>	Up to \$100,000 every 2 years	None	Variable, up to 200 years <sup>10</sup>
Forest Land Enhancement Program	50% to 75%	\$100,000 over life of program	None	10 years
Watershed Improvement Grants	Grant requires 25% match	None	n/a	n/a
Small Grant Program	Varies by team; 25% match minimum	\$10,000	n/a	n/a
Conservation Reserve Program	Up to 50%	\$50,000	Yes	10 to 15 years
Conservation Reserve Enhancement Program	Up to 75%	\$50,000	Yes	10 to 15 years
Environmental Quality Incentives Program	Up to 75% <sup>7</sup>	\$450,000 over the life of the project (2002-07 Farm Bill)	Incentive payments for up to 3 years	1 to 10 years
Wildlife Habitat Incentives Program	Up to 75% <sup>7</sup>	No limit	None	5 to 10 years
Wetland Reserve Program	75% for restoration; up to 100% for easement	Capped by geographic area	Yes (based on agricultural value)	10 or 30 years <sup>11</sup>
State tax credit	50% state <sup>8</sup>	None	None	None
Federal tax credit	Up to 10% <sup>9</sup>	None	No	None

See footnotes on page 5

## Qualifying Practices

Incentive Programs	Forest Establishment	Precommercial Thinning	Pruning	Erosion Control	Fish & Wildlife Habitat Enhancement	Writing Project or Mgmt. Plan	Fencing	Riparian Restoration	Other Comments
Forest stewardship management plans	No	No	No	No	No	Yes <sup>14</sup>	No	No	Funding may be limited
Forest Resource Trust	Yes	No	No	No	No	Yes	No	Yes <sup>18</sup>	Consulting services reimbursable to a set limit
Forest Land Enhancement Program	Yes	Yes	Yes <sup>13</sup>	Yes	Yes	Yes	Yes <sup>13</sup>	Yes <sup>13</sup>	Funding is limited
Watershed Improvement Grants	No	No	No	Yes	Yes	No	Yes <sup>16</sup>	Yes	Prefers projects identified in watershed plans <sup>19</sup>
Small Grant Program	No	No	No	Yes	Yes	No	Yes <sup>16</sup>	Yes	Grants reviewed and awarded locally by Small Grant teams, which set local priorities.
Conservation Reserve Program	Yes	Yes	No	Yes	Yes	Yes <sup>15</sup>	Yes <sup>16</sup>	Yes	Yes for selected practices
Conservation Reserve Enhancement Program	Yes	Yes	No	Yes	Yes	Yes <sup>16</sup>	Yes	Yes	Wetlands restoration and filter strip
Environmental Quality Incentives Program	Yes <sup>12</sup>	Yes <sup>12</sup>	Yes <sup>12</sup>	Yes	Yes	Yes <sup>15</sup>	Yes	Yes	
Wildlife Habitat Incentives Program	Yes	Yes	Yes	Yes	Yes	Yes <sup>15</sup>	Yes	Yes	
Wetland Reserve Program	Yes	No	No	Yes	Yes	Yes <sup>15</sup>	Yes <sup>16</sup>	Yes	Yes for selected practices
State tax credit	Yes	No	No	No	Yes	No	No	No	
Federal tax credit	Yes	No	No	No	No	No	? <sup>17</sup>	No	

See footnotes on page 5

supports watershed restoration activities through **Watershed Improvement Grants** and the **Small Grants Program**. If your acreage is agricultural, you also may qualify for funds to establish trees to protect soil and water resources through the **Conservation Reserve Program (CRP)** or the **Conservation Reserve Enhancement Program (CREP)**. The **Environmental Quality Incentives Program (EQIP)** is appropriate for both agriculture- and forestry-related projects.

If you have broader conservation or wildlife management objectives for your lands, then the **Wildlife Habitat Incentives Program (WHIP)** or even the **Wetland Reserve Program (WRP)** may be most appropriate.

Whichever program seems to apply, consider it as part of a financial assistance package that may also include **tax credits** and/or property-tax savings where applicable.

Many of the agencies that provide funding for conservation projects may also be a key source of technical expertise for your project. Important practical information also can come from OSU Extension, local Watershed Councils, and county Soil and Water Conservation Districts. Be sure to contact these groups to see what they can provide to help you follow through and manage your project successfully.

The Oregon Department of Fish and Wildlife administers a group of habitat-related incentive programs that can provide direct funding or materials and assistance. Contact ODF&W for details.

### **Table footnotes**

1. Forms for state tax credits are available from the Oregon Department of Forestry. For federal taxes, contact the Internal Revenue Service or a qualified tax adviser.
2. Waivers may be permitted for larger or smaller ownerships.
3. No acreage limit but must have at least \$500 net eligible cost.
4. This program targets lands not requiring reforestation under the Forest Practices Act yet which

- are not stocked or are understocked with trees and so are not as productive as they could be.
5. Must be certified as having wetland properties such as hydric soils, prior converted wetland, etc.
6. Money can be repaid as a loan over a period of up to 25 years or as revenue sharing, payable at time of harvest.
7. Limited-resource farmers and beginning farmers can receive up to 90%.
8. A 25% state tax credit is allowed in the year of planting. An additional 25% credit is allowed for planting and maintenance, pending acceptable survival in the second or third year (for a total credit of 50%).
9. Maximum allotment up to \$10,000 per year. Many reforestation expenses qualify for the tax credit. For details, contact a qualified tax adviser or read Agriculture Handbook No. 708, "Forest Landowners' Guide to the Federal Income Tax" (USDA Forest Service, March 2001; contact your local Extension office for help in getting a current copy). Even when claiming this tax credit, owners still may use Section 194 amortization to reduce reforestation expense further.
10. There is no requirement that timber be harvested under the Forest Resource Trust.
11. Ten years for restoration contracts, 30 years for an easement or permanent easement.
12. Support possible if basin working group agrees.
13. Fencing, riparian restoration, and pruning are low priority. Programs such as CREP, CRP, EQIP, and OWEB grants provide funds for fencing and riparian restoration.
14. Covers only a natural-resources professional's creation of a stewardship plan.
15. NRCS will help write the project plan.
16. For excluding livestock.
17. Consult a qualified tax adviser to ensure that your fencing expenses meet Investment Tax Credit requirements.
18. Tree planting.
19. Some practices may be eligible as part of a restoration or enhancement proposal.

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This publication was produced and distributed in furtherance of the Acts of Congress of May 8 and June 30, 1914. Extension work is a cooperative program of Oregon State University, the U.S. Department of Agriculture, and Oregon counties.

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Revised March 2002. Revised November 2003

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