

# Resource Enhancement and Protection Program

- AKA REAP Program
- Created by Act 55 of 2007
- Established to encourage ...
  - Implementation of agricultural best management practices (BMPs)
  - Planting of riparian buffers
  - Remediation of legacy sediments
- Allows farmers and businesses to earn tax credits in exchange for installing BMPs that protect natural resources and enhance farm production.



# Resource Enhancement and Protection Program (REAP)

- Administered by PA State Conservation Commission
- Credits granted by PA Department of Revenue
- Tax credits of 25% to 75% available for SCC approved eligible projects
- \$150,000 cap per eligible applicant
- \$10 million in tax credits available in FY 2007-08



# Resource Enhancement and Protection Program (REAP)

There are three ways (S<sup>3</sup>) to participate in the REAP program:

- A farmer implements eligible BMPs & receives tax credits directly to reduce a state tax bill (for up to 15 years). (SELF)
- Sell tax credits to another Pennsylvania taxpayer. (SELL)
- Work with a sponsor that will help finance a farmer's BMPs. The farmer will be compensated for making improvements and the sponsor will receive the tax credit. (SPONSOR)



# Resource Enhancement and Protection Program (REAP)

## General Eligibility Requirements

- Any farmer or business who is subject to taxation by the Commonwealth of PA is eligible to participate.
- Agricultural operations must have a current ...
  - conservation plan
  - agricultural erosion and sedimentation (Ag E&S) plan
  - nutrient management plan, if required.
- The cost of developing and implementing these plans may be included to qualify for the tax credit



# Resource Enhancement and Protection Program (REAP)

## General Eligibility Requirements (continued)

- Animal concentration areas (ACAs) must also be treated to prevent nutrient and sediment runoff (as per SCC standards)
- Uncompleted BMPs required in ag E&S plan & nutrient management plan must also be completed



# Resource Enhancement and Protection Program (REAP)

- Tax credits for 75% of eligible costs for the following:
  - Nutrient Management Plan
  - Ag. E&S Plan
  - Conservation Plan
  - BMPs for animal concentration areas and barnyard runoff
  - Stream bank fencing and 50 foot forested riparian buffers
- Tax credits for 50% of eligible costs for the following:
  - SCC approved BMPs and equipment necessary to reduce existing sediment and nutrient concerns. May include ...
    - Manure Storages
    - Alternative Manure Utilization
    - Filter Strips
    - Waterways
    - Grazing Systems
    - No-Till Planting Equipment
  - Stream bank fencing with 35 foot riparian buffers (grassed or forested)



# Resource Enhancement and Protection Program (REAP)

## Project Costs

- Eligible project costs include:
  - Project design, engineering and associated planning
  - Project management costs including contracting, document preparation, and applications
  - Project construction or installation
  - Equipment, materials, and other eligible project components
  - Interest on loans for the project implementation for up to one year prior to the award of the tax credit
- A tax credit shall not be applied to that portion of the project costs for which public funding was received
- Eligible costs of a project shall include any of the above services provided by a conservation district



# Resource Enhancement and Protection Program (REAP)

- Tax credits can only be awarded to projects completed after the effective date of the Act which is October 24, 2007.
- REAP tax credits can be used for up to fifteen years
- REAP tax credits are transferable and can be sold to other taxpayers.
- REAP's sponsorship program permits other businesses to help finance a project and apply for the tax credit instead of the producer.
- The Commission expects to have the REAP guidelines available on December 1, 2007.

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*For more information on the program including how to apply for tax credits visit the REAP website at:*

[www.agriculture.state.pa.us/REAP](http://www.agriculture.state.pa.us/REAP)

