Forestry Incentive Programs

Forestry incentive programs are a contentious issue that all forest landowners should stay informed about, whether they plan to utilize them or not. Following are two articles dealing with this subject. The first outlines the details of different programs, as well as a website where landowners can find more information in their state about forestry incentive programs. The second presents an opposing viewpoint on how landowners can help themselves rather than relying on incentive programs for funding.

Sources for Forestry Incentive Programs

—Tom Straka, John Greene, Steve Daniels, Mike Jacobson, and Mike Kilgore

Forestry incentive programs are of high interest to non-industrial private forest owners. They can involve cost share for things like reforestation or stand improvement, income tax credits, property tax benefits, technical assistance, and regulatory streamlining. These benefits go a lot farther than the timber-oriented programs of the past. Objectives now include things like conservation practices, wildlife habitat plans, and implementation of sustainable forestry practices. Forestry incentive programs are not just at the federal level, but are also offered by states and private entities. There are a myriad of programs out there and the availability varies by state.

Forestry Incentive Programs

Forestry Incentives Program (FIP)

For over 20 years, FIP was the fundamental forestry cost-share tool. It was originally authorized in 1978 to share up to 65 percent of the costs of tree planting, timber stand improvement, and site preparation for natural regeneration. FIP was de-authorized on May 13, 2002, but existing funds were allowed to be exhausted over time using the existing contractual backlog of forestry work.

Forest Stewardship Program (FSP)

The FSP, established in 1991, is not a cost-share program, but cost-share assistance for implementation is available through related assistance programs. The purpose of the FSP is to assist private forest landowners to more actively manage their forest and related resources, keep these lands in a productive and healthy condition for present and future owners, and increase the economic and environmental benefits of these lands. FSP focuses on providing services to landowners not currently managing their forestland according to a resource management plan that embodies multi-resource stewardship principles. Landowner participation in the program requires preparation of a forest stewardship management plan and good faith efforts to implement the plan.

Forest Land Enhancement Program (FLEP)

FLEP, part of the 2002 Farm Bill, replaced the Stewardship Incentives Program (SIP) and the FIP. FLEP is a voluntary program for non-industrial private forest owners that now serves as a primary cost-share vehicle. It provides for technical, educational, and cost-share assistance to promote sustainability of non-industrial private forests. FLEP is administrated at the state level by a coordinating committee that develops a state priority plan. This plan provides the detail of how FLEP funds are to be utilized, including minimum acres, maximum acres, and aggregate payments. A forest resource management plan is required to be eligible for cost-share.

Conservation Reserve Program (CRP)

Through CRP, established in 1985 as a voluntary program for agricultural landowners, annual rental payments and cost-share assistance is available to forest owners for establishing long-term resource conserving covers on eligible farmland. Annual rental payments are based on the agricultural rental value of the land and cost-share assistance is available for up to 50 percent of the participant's costs in establishing approved conservation practices (like tree planting). Participants enroll in CRP contracts for 10 to 15 years.

Forest Legacy Program (FLP)

The Forest Legacy Program, part of the 1990 Farm Bill, was created to identify and protect environmentally important private forestlands threatened with conversion to nonforest uses (such as subdivisions or commercial developments). FLP is a partnership between states and the USDA Forest Service and primarily uses conservation easements to control development. Federal funding may be up to 75 percent of costs.

Environmental Quality Incentives Program (EQUIP)

The Environmental Quality Incentives Program was reauthorized in the Farm Bill of 2002 to provide a voluntary conservation program for farmers and ranchers that promotes agricultural production and environmental quality as compatible national goals. EQUIP offers financial and technical assistance to implement structural and management practices on agricultural land. EQUIP offers contracts that expire within one to ten years after the last scheduled incentive or cost-share payment. Cost-share can be as high as 75 percent for certain conservation practices.

Landowner Incentive Program (LIP)
The Landowner Incentive Program is a new federal program designed to assist states by providing grants to establish or supplement landowner incentive programs that protect and restore habitats on private lands to benefit federally listed, proposed, candidate, or other at-risk species. States must provide a minimum of a 25 percent non-federal match to qualify for a grant.

Wildlife Habitat Incentives Program (WHIP)
The Wildlife Habitat Incentives Program began in 1998 as a voluntary program for people who wanted to develop and improve wildlife habitat primarily on private land. Technical assistance and up to 75 percent cost-share assistance is available to establish and improve fish and wildlife habitat. WHIP agreements generally last from five to ten years from when the agreement is signed. By targeting wildlife habitat projects on all lands and aquatic areas, WHIP provides assistance to conservation-minded landowners who are unable to meet the specific eligibility requirements of other federal conservation programs.

Wetlands Reserve Program (WRP)
The Wetlands Reserve Program began in 1995 as a voluntary program offering landowners the opportunity to protect, restore, and enhance wetlands on their property. Both technical and financial support are offered for wetland restoration efforts. Landowners who choose to participate in WRP may sell a conservation easement or enter into a cost-share restoration agreement to restore and protect wetlands. The program offers three options: permanent easements, 30-year easements, and restoration cost-share payments of minimum ten-year duration.

Southern Pine Beetle Prevention and Restoration Program (SPBPRP)
The Southern Pine Beetle Prevention and Restoration Program is part of the approach for managing southern pine beetle on federal, state, and private lands. SPBPRP is a federal program, but the nature of the problem means it is concerned with a problem in the southern United States. The program also involves landowner education.

Forestry Incentives Website

A team of scientists from five research organizations identified the above existing and potential financial incentive programs via various data collection methods. From this data, these scientists developed a collection of web pages that allows easy access to information on financial incentive programs available to non-industrial private forest owners in each state in order to promote sustainable forestry on non-industrial private lands.

The collected data indicates that only two federal financial assistance programs—the Forest Stewardship and Forest Land Enhancement Programs—are available in every state. The full suite of federal programs surveyed is most likely to be available in states in the east, midwest, and south, and least likely to be available in the west. The Southern Pine Beetle Prevention and Restoration Program is available in 11 states in the south.

All 50 states have some type of preferential property tax under which forestland can be protected from being fragmented or converted, but in some states it is as agricultural or undeveloped land. States in every region also have their own financial assistance programs directed toward non-industrial private forests, and at least one state in every region has more than one. The proportion of states having such programs is highest in the south and lowest in the east.

States in every region also have programs sponsored by private entities. Most are timber management and marketing assistance programs sponsored by individual forest industry firms; these programs are most common in the south and east, and least common in the west. Two states—Minnesota and Texas—have programs sponsored by state forestry associations. And two states (Indiana and Virginia) have programs sponsored by non-government organizations.

States in every region also have Tree Farm programs active enough to have their own websites. And states in every region have public- or privately-sponsored statewide forest trusts.

Conclusions

The Financial Incentive Programs for Non-Industrial Private Forest Owners website (www.srs.fs.usda.gov/econ/data/forestincentives) is intended as an aid to service foresters, policy-makers, and other researchers interested in knowing what financial assistance programs are available to non-industrial private forest owners in each state. We anticipate that better knowledge of the existing programs and their relative strengths and weaknesses will help guide the design of future assistance programs and increase their effectiveness in improving the level of stewardship practiced on the nation's non-industrial private forests.

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