

REAP Sponsorship

Case Study #1

Background

This project consisted of a wide range of field and barnyard practices occurring on four Amish farms that comprise the entire headwaters of a local watershed.

Working with an agronomic consultant and a conservation organization, three farmers were willing to implement 35 ft. streamside buffers on their farms; two applied for Resource Enhancement and Protection Program (REAP) Tax Credits. The agronomic consultant submitted the associated REAP applications and the conservation organization led the buffer's development, installation, and maintenance.



The Benefits

- **REAP is farmer and consultant friendly.** REAP tax credit can be used toward a variety of different conservation practices, including planning, BMP installation, and equipment purchases. The application process is easy and does not require engineering plans. For this project, the agricultural consultant had experience with REAP and suggested adding streamside buffers into the larger conservation plan while providing cost savings for the farmer. For a list of REAP-eligible Best Management Practices (BMPs) refer to Attachment 1 of the [REAP Guidelines](#).
- **REAP provides tax credits for out-of-pocket expenses.** In this project, the total out-of-pocket cost for one of the buffers was \$22,000. Therefore, the REAP applicant can apply for a 50% tax credit of the out-of-pocket costs, or \$11,000.
- **REAP provides different tax credits for different practices.** In this example, REAP provided a 50% tax credit for the out-of-pocket costs to implement a 35 ft. riparian buffer. However, the tax credit percentage provided for a 50-ft. riparian buffer increases to 90% in watersheds with a written TMDL listing impairment from agricultural sources and to 75% for a 50-ft. riparian buffer in all other watersheds. To see more about the tax credit structure of REAP, refer to page 5 of the [REAP application](#).

The Opportunities

- **Sponsors can help farms by making up-front payments.** The Sponsorship option of REAP is advantageous to the farmer because the sponsor can pay up-front costs for the project instead of the farmer. In this example, the sponsor was willing to pay up-front for project costs, precluding the farmer from having to find this out-of-pocket capital.
- **Finding a Sponsor.** Because finding a sponsor can be difficult, the REAP program coordinator, conservation organizations, or other farmers who have worked with a REAP sponsor might help connect farmers and sponsors. In this project, the conservation organization is exploring sponsorship with their board members, with local Amish businesses, and with local banks which often have a large tax burden and strong relationships with farmers.
- **Partnerships.** Involving a conservation organization and an agricultural consultant in projects is beneficial. Agricultural consultants often have engineering expertise, experience with REAP, and know how to introduce farmers to and integrate conservation practices into larger priority conservation projects for farms. Conservation organizations often deeply understand conservation practices and the funds available for their implementation. Leveraging the capacities of conservation organizations and sponsors in a REAP project provides the farmer with conservation, agronomic, engineering, and funding expertise to support project development and implementation.

