

UNCLE SAM

WANTS

YOU



... .. TO PLANT TREES

By Lou Hyman, Assistant Fire Division Director

The federal government is strongly biased towards the growing of trees. Some of this is fueled by environmentalism. Some of it is fueled by the need for wood products. Some of this is fueled by the desire to help rural landowners. Regardless of motivation, the result is a variety of incentives for landowners to plant trees.

COST SHARE REBATE PROGRAMS

Historically, the federal government has given direct assistance to help landowners plant trees. This practice goes back to the Soil Bank of the late 1950s, when the government paid landowners to take farm lands out of production by planting forest trees. Many of these stands grew to full maturity, providing those farmers with a good income throughout the 1980s and 1990s.

Other early programs included the Forestry Incentives Program, which gave landowners rebates of up to 65% of the cost of site preparation and tree planting. This program helped hundreds of landowners plant forest trees prior to its expiration in 2000.

The Conservation Reserve Program (CRP) was started in the 1980s to encourage farmers to plant trees or permanent cover crops on erodible farm lands. The farmer enters into a 10-year contract with the federal Farm Services Agency (FSA) to plant trees and maintain them on land that was planted in an agricultural commodity in four of the last six years. The CRP program pays 50% of the cost of tree planting, plus an annual “rental” payment for the 10-year period. The Farm Services Agency also has a special CRP program that focuses on the planting of longleaf pines on old farm-

land, using the same criteria and payments as the regular CRP.

Both the FSA and the federal Natural Resources Conservation Service (NRCS) also have a program to help with tree planting. The Environmental Quality Incentives Program (EQIP) provides up to a 60% rebate for landowners to address significant natural resource concerns through a 5- to 10-year contract. EQIP will pay for tree planting and some site preparation.

The NRCS hosts another program called the Wildlife Habitat Incentive Program (WHIP) which provides cost assistance to landowners for developing or improving wildlife habitat. WHIP will give up to a 60% rebate on the cost of site preparation and planting of longleaf pines and some hardwoods, as well as many permanent wildlife openings.

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The State of Alabama provides a state-funded cost share program, the Alabama Agricultural and Conservation Development Commission Program (AACDCP). The AACDCP provides up to a 60% rebate for practices aimed at erosion control, agricultural water quality improvement, and improving forest resources. Forestry practices include site preparation and tree planting. The trees must be maintained for at least ten years.

After Hurricane Ivan, some limited funds became available to replant trees in forest stands with over 15% damage from the storm. The Forest Land Recovery Program (FLRP) is a short-term program, but rebates up to 75% of the cost of site preparing and replanting damaged forest stands. Both this program and the AACDCP are administered by the Alabama Soil Conservation Districts Committee.

All of these cost share programs are managed on the local level. For more information, contact the Farm Services Administration, Natural Resources Conservation Service, or the Soil

Conservation District office in the county in which you own land.

FEDERAL TAX INCENTIVES

The other main benefit given to landowners who plant trees is a tax deduction for reforestation. For trees planted after 2004, the landowner is allowed a full tax deduction of up to \$10,000 per year for any reforestation. This deduction includes costs for site preparation (both mechanical and chemical), burning, buying seedlings, and tree planting, as well as herbaceous weed control done in the first year.

In addition, any costs over the \$10,000 per year can be amortized over the next seven years. The amortization deduction allows the taxpayer to deduct 1/14 of the cost the first year, then 1/7 of the cost for the next six years, and the final 1/14 of the cost in the last year. At the end of the cycle, the landowner has deducted all of the cost of the reforestation.

The government is so concerned about keeping forests in place that it has a special tax benefit for landowners who suffer casualty losses from hurricanes, tornados, ice storms, fire, or even southern pine beetles. If the timber is destroyed by one of these events, the landowner should salvage whatever can be harvested. Any income from that sale would normally be counted as capital gains income. However, under what is known as the "Hurricane Frederick Rule," if the money is reinvested within two years into either site preparation and replanting, or into buying new forestland, then the taxes due are rolled over into the new timber and delayed until the next time that new timber is sold.

We all know that our forests are TREASURES. It is nice to know that Uncle Sam thinks so too. So follow Uncle Sam's advice; go out and plant some trees. 🌲



Photo by Mildred Owens