



# FINANCING YOUR FORESTS

Photo © Craig Blacklock

There are numerous options when it comes to helping to finance your woodlands. One way to help narrow them down is to determine what you are seeking help to do – are you looking to make your woods and waters healthier or to provide better habitat for wildlife? Are you hoping to make your land more affordable? Are you looking to leave a legacy for future generations? Knowing what you are trying to achieve can help you determine the scale and scope of your actions, which can guide you in choosing the best option for financial assistance.

## IMPROVE YOUR WOODS, WATERS & WILDLIFE HABITAT: COST SHARING PROGRAMS

Cost share programs offer taxable financial assistance as matching funds, payments, or reimbursements to carry out stewardship projects and practices on your land. Project eligibility will depend on the supporting organization and their priorities and focus areas.

OPTIONS	HOW IT WORKS	ELIGIBILITY
<b>Cost Share Programs: MN &amp; WI DNR</b>	MN: Up to \$10,000/year in assistance for conservation projects WI: (Wisconsin Forest Landowner Grant Program) Reimbursement of up to 50% of costs for approved forestry projects	MN: Project Approval from a MN DNR Cooperative Forest Management (CFM) Forester WI: 10-500 contiguous acres of non-industrial forest with an active or planned forest stewardship plan Both: Addresses approved project or practice such as forest stewardship planning, reforestation, forest health improvements, or soil & water protection.
<b>Cost Share Program: MN SWCDs</b>	Varies from direct financial assistance with project installment costs to loan assistance to carry out practices	Varies by county SWCD Office: may not be available for all counties.
<b>Environmental Quality Incentive Program (EQIP): NRCS</b>	Financial assistance up to \$450,000 annually for a Conservation Activity Plan (CAP) and/or Approved Conservation Practices	Applicant has an adjusted gross annual income less than \$900,000 CAP or Practice must be carried out by an approved Technical Service Provider (TSP) Approved practice such as forest management, habitat management, or forest production resource issues
<b>Conservation Stewardship Program (CSP): NRCS</b>	Five year contracts for financial assistance up to \$200,000 annually through incentive payments for Enhancements	Must have completed or started conservation project Must be used to maintain and continue existing projects or to implement new conservation projects

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## TAX RELIEF & INCENTIVES

Tax incentive or relief programs can offer long-term solutions for financing your woodland. These programs are usually offered at a state level and provide a landowner with a preferential property tax rate in return for sustained management planning and practices. In some cases, these programs will also offer per acreage financial assistance payments. Enrollment will generally require a landowner to work with both the state Department of Natural Resources and the Department of Revenue, and to make a long-term commitment in the form of long-term management plans or a conservation covenant.

<b>OPTIONS</b>	<b>HOW IT WORKS</b>	<b>ELIGIBILITY</b>
<b>Managed Forest Law: WI DNR</b>	Landowner carries out management practices outlined in 25 or 50 year sustainable management plans in exchange for a reduced tax rate and classifies land as open or closed to public recreational access.	Active Forest Management Plan At least 20 contiguous acres with at least 80% forest cover No buildings or unapproved physical improvements Publicly accessible if classified as open for recreational use
<b>2c Managed Forest Classification: MN DNR Division of Forestry</b>	Minimum 1 year enrollment with no covenant with a 0.65% property tax class rate, which can be listed as an itemized deduction on federal income tax returns	Active DNR approved Woodland Stewardship Plan 20-1,920 contiguous acres of forest
<b>Sustainable Forest Incentive Act (SFIA): MN DNR Division of Forestry</b>	8, 20 or 50 year covenants with a referential tax rate of 0.5-1.25% and 4 financial assistance payment plans based on market values, covenant length, and tax rates. Payments will vary, but are estimated between \$3.38/acre to \$15.54/acre depending on covenant.  Property tax can be listed as an itemized deduction on federal income tax returns but financial payments are considered taxable income.	Active DNR approved Woodland Stewardship Plan At least 20 contiguous acres that are at least 50% forested with a management covenant Land is NOT used for residential or agricultural purposes Not enrolled in any other incentive programs

LOOKING TO MAKE A PROFIT? CHECK OUT OUR FACT SHEET ON TIMBER HARVESTS AND OTHER FOREST INCOME.

## LEAVE A LEGACY: CONSERVATION EASEMENTS

Conservation easements are voluntary legally binding agreements between a landowner and a land trust organization or government agency that limit or restrict development on the land to protect its conservation value. In return, the landowner receives financial assistance payments or in some cases, tax benefits. Enforcement of the restrictions is carried out by the agency or trust organization.

<b>OPTIONS</b>	<b>HOW IT WORKS</b>	<b>ELIGIBILITY</b>
<b>Forest Legacy Program: US Forest Service</b>	Perpetual easement agreement in which state owns development rights and monitors easement annually, but owner maintains use and ownership	Intact land in an Active or Candidate Legacy Area defined by the US Forest Service
<b>Land Trust Program: Various</b>	Varied agreements between a landowner and land trust organizations or agencies	Varies: dependent on participating land trust organization and the landowner
<b>Conservation Reserve Program (CRP): USDA</b>	10-15 year agreement on environmentally sensitive lands that provide rental payments and up to 50% of landowner costs	Ownership for more than 12 months (some exceptions) Crop land that has been planted as commodity for at least 4 of the previous 6 crop years Suitable for approved conservation uses such as riparian, wetland or wildlife habitat buffers