Views From The Foothills A Publication of the Culpeper Soil & Water Conservation District Serving Culpeper, Greene, Madison, Orange & Rappahannock Counties www.culpeperswcd.org

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Welcome!

You are receiving this newsletter because you receive land use tax benefits in our counties. Please call 540-825-8591 or email stephanied@culpeperswcd.org to remove yourself from our mailing list.

Virginia General Assembly Takes Bold Action

Greetings, Readers. The most recent three editions of this newsletter have featured articles on: record levels of agricultural conservation funding the District has received from the Virginia General Assembly; high levels of achievements by District staff towards planning and implementing all of the funded conservation projects across our five counties; on agriculture being the primary source of non-point source "pollution" in our five counties; and on legislation passed by the 2020 Virginia General Assembly, commonly called the "Bay Bill," which establishes some deadlines for significant accomplishments in livestock stream exclusion and cropland nutrient management planning and implementation. All these topics remain significantly relevant in this edition. You can visit these recent articles here: http://www.culpeperswcd.org/education-programs/newsletter. Read on.

Our Fall 2020 edition of "Views from the Foothills" highlighted the topic of the "Bay Bill": House Bill 1422. That successful legislation stresses the importance of accelerated adoption of the planning and verification of conservation Best Management Practices for both livestock stream exclusion and cropland nutrient management. Both are potentially large sources of nitrogen runoff and certainly viewed as such by decision makers and their computer modeling. So, click on that "Bay Bill" link and read for yourself: http://lis.virginia.gov/cgi-bin/legp604.exe? 201+ful+CHAP1185.

So, now for the new news, and "connecting some dots" as the saying goes. The Culpeper District just received \$5 million for agricultural practices for the upcoming fiscal year, July 1, 2021-June 30, 2022. This is three times our usual amount. This is the BOLD ACTION referenced above. In at least this author's opinion, the Virginia General Assembly is demonstrating their commitment to the voluntary approach of meeting the goals of the Chesapeake Bay. This may also be an indication of how seriously they consider the ramifications of the "Bay Bill." It is important to remember that the directive to accomplish the Bay restoration goals is more than just agency planning; it is a federal court order. We encourage everyone's consideration towards what we have to offer and what the General Assembly is currently willing to provide. We stand behind the voluntary approach to conservation management. It takes you to keep it that way. As reported previously, our staff are skilled, knowledgeable, well-trained and know how to work. They know their stuff. Call them. Now is a very good time. A review of your situation and options to leverage our skills and state funding is free.

For a list of cost share BMPs and current rates please see page 3.

Agricultural Tax Credit Updates

By David Massie, Conservation Specialist III

BMP Tax Credit has been Increased

There have been several major changes to the Agricultural Best Management Practices (BMP) Tax Credit Program that will be of interest to producers. You may qualify to claim this credit if you're a producer of agricultural production for market and you have a soil conservation plan in place that your local soil and water conservation district has approved. The practice and associated tax credit must be approved by the Soil and Water Conservation District Board of Directors prior to project construction.

The BMP tax credit is available for up to 25% of the first \$100,000 of out-of-pocket expenses for approved agricultural best management practices. The amount of the tax credit may not exceed \$25,000. It used to be \$17,500 maximum. If the practice being implemented is part of a Resource Management Plan (RMP), the producer can claim an income tax credit equal to 50% of the first \$100,000 out of pocket expenses. This is new. You may want to consider an RMP.

The credit can be claimed against individual income tax or corporation income tax. If the amount of the credit exceeds the taxpayer's liability for such taxable year, the excess will be refunded by the Tax Commissioner for 100 percent of face value within 90 days after the filing date of the income tax return.

If you're claiming this credit, you can't claim another credit for costs related to the same eligible practices.

To claim the credit, complete either Schedule CR for individual returns, or the Form 500CR for corporate returns. Attach the appropriate document and your tax certificate received from your local soil and water conservation district when filing your taxes.

Many of the practices in the Virginia Agricultural Cost Share Program that provide significant improvement to water quality in Virginia's streams, rivers and bays are eligible. Please contact the Culpeper Soil and Water District for a complete list of practices.

For more information, see Va. Code § 58.1-339.3 and Va. Code § 58.1-439.5

Conservation Tillage and Precision Agricultural Equipment Tax Credit has been Increased

You may qualify to claim this credit if you're a producer who invests in certain equipment designed to reduce soil compaction and disturbance or provide for more precise pesticide and fertilizer application to reduce the potential for adverse environmental impacts. To claim this tax credit, you must have a soil conservation plan in place that your local soil and water conservation district has approved and be implementing a nutrient management plan developed by a certified nutrient management planner.

The value of the tax credit is equal to 25% of what you spent on qualifying equipment up to \$17,500 maximum. (It used to be only up to \$4,000 maximum.) You can claim this credit on your tax return, not to exceed your tax liability. If the amount of the credit exceeds the taxpayer's liability for such taxable year, the excess will be refunded by the Tax Commissioner for 100 percent of face value within 90 days after the filing date of the income tax return.

Many different types of equipment qualify for this tax credit. Please contact the Culpeper Soil and Water District for a complete list of qualifying equipment. For more information, see $Va.\ Code\ \S\ 58.1-337.$

Free Lawn Soil Tests Still Available!

Contact Stephanie DeNicola at stephanied@culpeperswcd.org for information.

Agriculture Cost Share Funds Available

Conservation funds for implementing conservation management practices are currently available. Now is a very good time to contact District staff to explore your options. Listed below are many of the commonly used conservation practices and payment rates.

Culpeper & Rappahannock (540-825-8591):

- David Massie; davidm@culpeperswcd.org
- Amanda McCullen; amandac@culpeperswcd.org

Greene, Madison & Orange:

- Kendall Dellinger: kendalld@culpeperswcd.org 540-825-8591 ext. 1008
- Spencer Yager: spencery@culpeperswcd.org 540-308-6301

Practice	Details
Grazing Land	Stream exclusion fencing & water development
Management with	• Includes fence, well, water troughs, pipe, stream crossings, rotational fences, etc.
Stream Exclusion	• Covers 85% of <i>estimated</i> cost with 35' buffer & 100% with 50' buffer
	Buffer payment rate of \$80/acre/year paid upon installation of all practices
	• 10 and 15 year contracts available
Stream Exclusion with	Stream exclusion fencing & water development with reduced setback
Narrow width buffer	• Includes fence, well, water troughs, pipe, stream crossings, rotational fence, etc.
	• Covers 60% of <i>estimated</i> cost with 10' buffer & 75% with 25/ buffer
	• 10 and 15 year contracts available
Small Herd Initiative	• New program which begins 7/1/21 that pays up to 100% for any stream exclusion project for
	farmers with less than 35 total head of cattle
	• \$25,000 project limit
	Contact the District for more details!
Afforestation of Crop,	• 75% of eligible cost for planting trees (hardwood or conifers)
Hay & Pastureland	\$100/acre for 10 year incentive & \$150/acre for 15 years
Woodland Buffer	Planting trees in riparian areas
Filter Area	95% of eligible cost for planting hardwoods or conifers
	Conifers: \$100/acre for 10 years OR \$150/acre for 15 years
	Hardwoods: \$100/acre for 10 years OR \$250/acre for 15 years
Cover Crops	October 25th cut off for harvestable cover crop & early planting date for cover crops to be
	killed in the spring
	November 15th, cut off planting date for kill down crops
	Rates: \$20/acre to harvest, up to \$60/acre to kill & \$30/acre for legumes
Nutrient Management	Up to \$4/acre to have a nutrient management plan written for your farm
Planning	A great way to save money on input costs!
Precision Nutrient	Up to \$8/acre for the precision application of nitrogen & phosphorus to cropland
Management on	Must have current nutrient management plan: provide records, maps & a bill for nutrient
Cropland	management
No-Till & Cropland Conversion	• Up to \$70/acre to convert from conventional tillage to a no-till system for 5 years
	• Up to \$410/acre to convert cropland to permanent hay or pasture; 10 or 15 year contracts available
Grassed Waterway,	Up to 75% to grade & seed gully erosion
Grass Filter Strips & Critical Area Seeding	• Up to 75% to establish grass filter strips along waterways adjacent to crop, hayland or animal
	holding areas
	Up to 75% to grade, fill & seed critically eroding areas
Continuing Conservation Initiative	• \$0.50-\$1.25/linear foot of stream bank protected with fencing
	• \$250-\$1,000 per water system, water trough or stream crossing
	A great way to receive funds to maintain existing infrastructure!

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Spring 2021

Corralling Conservation Initiative: Corral Rental Opportunity By Jacob Gilley, American Farmland Trust

The Sustainable Grazing Project coordinated by American Farmland Trust (AFT) in Central Virginia has identified an urgent need for safer and stronger livestock corrals which are more portable, accessible and affordable for producers raising cattle in the counties of Culpeper, Fauquier, Madison, Orange and Rappahannock. Access to such a corral can be critical for both seasoned and beginning producers who are either working with old and worn out corrals or who are leasing pasture without existing facilities. As a new tenant on a farm, it can be hard to make both the time and financial investments required to construct an effective facility that is safe for both livestock and producers when there isn't a signed, long term, written lease agreement. Portable corrals are also beneficial for livestock producers who are interested in establishing cover crops on fields to be sustainably grazed. Grazing crop residue and cover crops provides for an economical source of high quality forage for livestock but, more often than not, corrals are typically not to be found in or near a crop field.

Therefore, producers in the previously listed counties can now contact The Mid-Atlantic Sustainable Grazing Project at the jgilley@farmland.org to schedule a cost-effective rental of its OK Portable Corral for gathering and working cattle. To ensure that producers in the region have access to this vital piece of equipment, there is a maximum of four consecutive days that the corral can be rented. Additional days can be requested on a case by case basis depending on the demand at the time. The corral can be hauled down the road at the speed limit using a gooseneck hitch on at least a 3/4 ton pickup. Proof of insurance on the vehicle hauling the corral is required prior to hooking up and hauling it down the road. This corral is extremely easy to set up and can be completely unfolded by one person in less than 15-20 minutes. The OK Corral is a perfect piece of equipment to load unruly livestock onto trailers or to funnel them into producer owned squeeze chutes for vaccinations, capturing weights or determining pregnancy status.

Through the "Corralling Conservation Initiative," AFT's Sustainable Grazing Project requires producers renting the corral to provide proof of a current Grazing Management Plan (GMP). GMPs are free to acquire and with enough notice can be developed in cooperation with local SWCDs and/or USDA Natural Resources Conservation Service staff. Having and implementing GMPs is vitally important for producers to improve the sustainability of their livestock operations. GMPs take into account several factors to include such as operational goals, available resources such as water and acres of grazeable forage, soil types, livestock inventories and livestock nutritional requirements.

The corral rental cost is a mere \$35 per day. A \$10 per day discount is available for those producers who can provide proof of Beef Quality Assurance Certification (BQA). If you are not currently BQA certified, you can complete this training for free at https://www.bqa.org/bqa-certification/online-bqa-certification. The nominal rental fee is solely used for routine repair and maintenance of equipment within The Mid-Atlantic Sustainable Grazing Project's inventory. To determine available dates, reserve the corral and to make payment by check, contact Jacob Gilley at jgilley@farmland.org or 540-219-5015.

An American Farmland Trust employee or designated representative must complete an inspection of the corral prior to it being hooked up in the renter's truck. In addition, an AFT employee or designated representative must complete an inspection upon return of the corral to ensure the condition is the same as when it was picked up. Repairs from any damages to the corral outside of typical use are the sole responsibility of the producer who caused the damages.

American Farmland Trust is extremely excited to offer local producers this great opportunity to use its OK Portable Corral to improve overall safety, sustainability and profitability of their operations.

For further information on participating in The Sustainable Grazing Project's Corralling Conservation Equipment use program, feel free to contact Project Coordinator Jacob Gilley at 540-219-5015 or <u>jgilley@farmland.org.</u>



2020 Conservation Awards

Each year, the Culpeper Soil and Water Conservation District holds an annual banquet to honor residents who have demonstrated leadership in the stewardship of local soil and water resources. This year in lieu of a banquet, District staff held individual presentations on farms and at school due to the pandemic.

The Clean Water Farm Awards are given to one farm in each county of the Soil and Water Conservation District that is exemplary in its protection of the state's soil and water quality, with particular emphasis on nutrient management. The recipients of the Clean Water Farm Awards were:

- Culpeper County, The Haught family, FMO LLC
- Greene County, W. Copley and Margaret K. McLean families, Swift Run Farm
- Madison County, Goodall Family Farm
- Orange County, The Sedwick family; Lakeland Farm
- Rappahannock County, Algis and Kathy Penkiunas, F.T. Valley Farm at Mont Medi

The District also recognizes individuals and landowners with District level awards recognizing commitments to wildlife habitat, forestland management and conservation education.

The 2020 Forestry Award was given to Bonnie Beers of Culpeper County.

The 2020 Educator of the Year was presented to Science teacher Kathryn Thomas, of William Monroe Middle School in Greene County.

The 2020 Wildlife Habitat Award was given to John Taylor and Jeannette Walls of Orange County. The Goodall Family Farm also received the Rappahannock River Grand Basin Award.















First row: Educator of the Year (left); Orange County Clean Water Farm Award (center); Senator Emmett Hanger presents the Grand Basin Award (right)

Second row: Rappahannock County Clean Water Farm Award (left); Wildlife Award (Orange County) (center); Culpeper County Clean Water Farm Award (right)

Third row: Greene County Clean Water Farm Award







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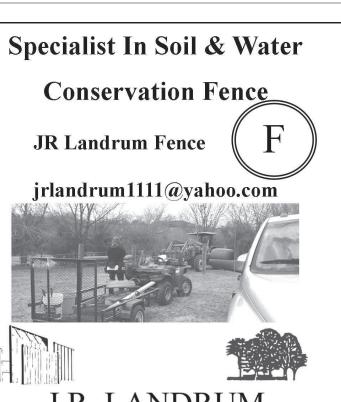
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What is a Conservation Easement? Is One Right for Me? By Maggi Blomstrom, Piedmont Environmental Council Culpeper Representative

A conservation easement is an agreement between a landowner and a private land trust or government conservation agency that provides protection for the conservation values on a property and limits future development of a property. Its purpose is to protect the property's conservation values, whether that be its farm, forest, water, habitat, scenic or cultural attributes. Restrictions in easements typically run with the land and apply to all future landowners.

By donating a conservation easement, landowners can protect the land they love for the benefit of current and future generations and make a difference in shaping the future of their communities. Their actions foster land and resource stewardship that benefits all of us with clean water, productive farm and forestland, thriving natural habitats and beautiful vistas.

Conservation easements offer flexibility and each one is unique. The terms of an easement and the protections placed on the property are negotiated between the landowner and the conservation organization. Typically those terms:

- Limit the amount of subdivision and development allowed on the property;
- Protect important natural resources, including streams, productive agricultural soils, forests and natural habitat areas;
- Limit dumping, mining, grading or blasting on the property;
- Allow continuation of productive rural uses, such as agriculture, forestry, hunting and fishing

The landowner who donates the easement continues to own, use and control the land subject to the terms of the easement. The landowner still decides who has access to the property and for what purpose, just as before. The conservation organization is responsible for monitoring and, if necessary, enforcing the terms of the conservation easement.

Tax Benefits

For the many public benefits associated with the protection of the land, landowners who donate a conservation easement on their property may be eligible for various income and property tax benefits. Tax benefits will be based on the difference between the market value of the land before the donation and after the conservation easement is in place. These values are determined by a qualified appraiser of the landowner's choice.

Virginia Land Preservation Tax Credit

Landowners who donate a conservation easement may be eligible for a Land Preservation Tax Credit (LPTC) equal to 40% of the value of the donation. These tax credits can be used to directly pay the landowner's Virginia income tax liability and, as a result, each \$1 of credit is actually worth \$1 to the landowner.

For example: a landowner who donates an easement worth \$500,000 would receive \$200,000 in land preservation tax credits (40% of \$500,000). The landowner could use those credits to offset their own Virginia income and sell the rest to other Virginia taxpayers.

Federal Income Tax Deduction

The deduction would be equal to the value of the easement donation, minus the value of any state income tax credits, such as LPTC, received in exchange for the donation. A landowner can claim that deduction at the rate of 50% of their federal Adjusted Gross Income (AGI) per year (and qualified farmers could claim a deduction at 100% AGI).

For example: a landowner who donates an easement worth \$500,000 and receives \$200,000 in Virginia LPTCs could be eligible for a \$300,000 federal tax deduction to be used at 50% rates (or 100% rate for farmers).

Continued on page 9

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Partnering with Culpeper SWCD to Protect Working Farmland for Farmers

In a unique approach to private farmland protection, Piedmont Environmental Council (PEC) has been partnering with Culpeper SWCD and USDA Natural Resources Conservation Service (NRCS) to help landowners leverage state and federal funding to make long-term preservation and stewardship of nearby farms possible.

In 2018, PEC started working with the owners of a farm in the Culpeper District. The working farm has significant natural resources: nearly half of the farm has prime and statewide important soils; it has more than 200 acres of open fields used for hay production, crops and pasture; and over a mile of streams and rivers lies on the property. The owners wanted to protect the farm for their family and future generations, but they were unable to rely solely on the tax credits and tax benefits associated with the donation of the easement.

In order to partially purchase an easement, PEC applied for funding through NRCS' Agricultural Land Easement (ALE) program which provides up to 50% of the appraised value of the agricultural easement. Eligible land includes cropland, pastureland and nonindustrial private forest land. PEC sought to leverage the ALE funding with a state farmland protection grant through the Virginia Land Conservation Foundation.

Through these two grants, PEC has typically sought 60-75% of the value of the easement — which equates to cash for the landowner. In the past four years PEC, with Culpeper SWCD as easement co-holder, has pursued six farmland conservation easements totaling 2,857 acres in Culpeper, Madison and Orange Counties.

How Do I Get Started?

PEC is a private nonprofit land trust and our knowledgeable staff can guide you through the easement donation process and provide you with up-to-date information on tax incentives or other tools available to help protect your land! If you or someone you know is interested in learning more, please reach out to Maggi Blomstrom, Culpeper County Field Representative at mblomstrom@pecva.org or visit www.pecva.org/ easements.

The explanation of complex tax issues provided in this article has been greatly simplified. For more detailed information and to insure that a conservation easement donation will qualify for the described tax deductions in your particular situation, you are encouraged to seek professional legal and tax advice.

9 Spring 2021



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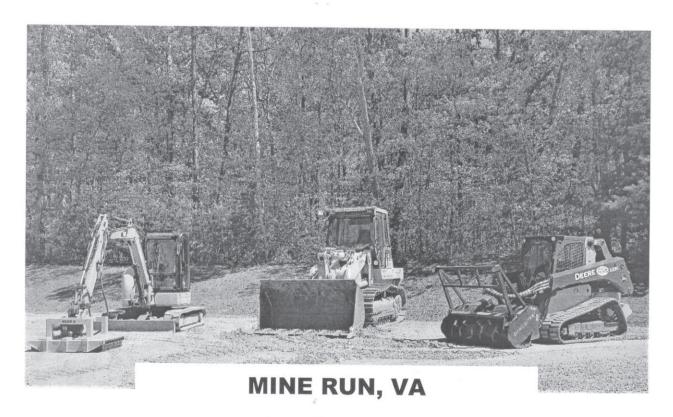


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