Income Opportunities

Virginia Forest Landowner Education
Helping Virginians Keep Their Woodlands Healthy and Productive
Real Forestry for Real Estate
Income Opportunities

• Tax assistance programs
• Cost share programs
• Hunting leases
• Ecosystem services
• Non-timber forest products
• Timber
Tax Assistance

• Use-value taxation
  – Forest Use 74 counties/cities in Virginia
  – Land is taxed at current use, versus highest and best use value
  – Rural landowners use fewer services per dollar of taxes paid

• Provides incentive for keeping lands in rural uses
TY2015: Counties/Cities* with enabling legislation for use-value taxation
(Agricultural & Horticultural, Forest, and Open Space)

* Counties/Cities are identified from annual use-value reports and may differ from actual implementation. Contact government officials in each county/city for the current use-value implementation. Not all participating cities are identified on this map.
Tax assistance

• Use value taxation
  – Forestland
  – Minimum of 20 forested acres
    • Devoted to forest use
  – May also qualify with land in agriculture, horticulture and open space
  – Contact your county tax assessors office
Tax Assistance

- Conservation easements
  - Give up certain rights in exchange for:
    - Virginia state tax credits
    - Federal income tax deductions
    - Lower property taxes
  - Typically give up some or all development rights and rights to subdivide - into perpetuity
  - In theory, keeps the land in rural use forever
  - Contact Virginia Outdoors Foundation
Tax Assistance

• Purchase and Transfer of Development Rights Programs
  – Similar to a conservation easement
    • Give up certain development rights
    • Into perpetuity
  – May receive cash payment (PDR) or reallocation of development rights, instead of tax benefits
  – Available in only some localities
  – Reduced property taxes
Cost-Share Programs

• Provides financial assistance for projects (such as tree planting, creation of buffers along waterways, etc.) on private lands which enhance:
  – Environmental protection
  – Water quality
  – Wetlands
  – Wildlife habitat
  – Woodlands
Cost-share Programs

• Programs are funded through a variety of agencies*
  – Natural Resources Conservation Service (NRCS)
  – Virginia Department of Forestry (VDOF)
  – Farm Service Agency (FSA)
  – Soil & Water Conservation Districts (SWCD)
  – Department of Environmental Quality (DEQ)
  – US Fish & Wildlife Service (USFWS)

• A complete list of current programs is available at: www.dof.virginia.gov

*programs and availability of funds are subject to change
Cost Share Programs

• Popular programs include:
  – CREP: Conservation Reserve Enhancement Program
  – EQIP: Environmental Quality Incentive Program
  – PBBPP: Pine Bark Beetle Prevention Program
  – RT: Reforestation of Timberlands
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- **Hunting Leases**
  - Landowners provide limited access to their land for the stated purpose of hunting
  - Can generate enough income to cover property taxes
  - Hunters may agree to help improve wildlife habitat
  - Can help maintain boundaries and prevent trespass
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• Ecosystem Services (nature’s benefits)
  – Aesthetics
  – Carbon storage
  – Climate mitigation
  – Wildlife habitat
  – Clean air
  – Clean water
  – Nutrient cycling
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• **Non-Timber Forest Products**
  – All useable parts of the forest besides timber
    • Minerals
    • Plants
    • Plant parts
    • Fungi
  – Used for
    • Decorations (pinecones, berries)
    • Florals and seasonal greens
    • Cooking (mushrooms)
    • Medicine (ginseng)
    • Dietary supplements (ginseng, black cohosh)
Income Opportunities

• Non-Timber Forest Products
  • Your local Extension agent visit the Virginia Cooperative
  • The *Small Farm Digest*
  • Bureau of Land Management’s Plant Conservation Alliance:
  • Local Community Sustainable Agriculture groups
Timber

- Traditional forest product
- Hardwood or pine
- Pulpwood, chip-n-saw, sawtimber, fuelwood, poles, veneer
- Rotation length varies depending on species and desired product
- Most landowners only harvest once or twice during their lifetime
Timber

• If done correctly, can provide a significant source of income and improve the health of a forest

• Should work with a professional forester
  – Virginia Department of Forestry
  – Consulting forester
Christmas Trees

• In Virginia:
  – 1 million trees harvested & sold annually
  – Annual revenues of $20+ million
  – 1000’s of growers
  – Farms range from less than 1 acre to several 100
  – Most popular species can be grown in Virginia
Summary

• Many opportunities to defray expenses
  – Tax assistance programs
  – Cost share programs

• Many income producing opportunities
  – Hunting leases
  – Non-timber forest products
  – Timber production
  – Christmas tree farming