

## Lynda Beam Recognized For Land Stewardship

Raleigh — N.C. Division of Forest Resources Cleveland County Ranger Travis Shidal recently presented Lynda Beam a plaque for stewardship certification on her 164 acre farm in Casar.

Beam worked with division personnel to manage her property for timber and wildlife. The diverse forestland includes a habitat of mix of hardwoods and softwoods with streams and a pond that provide a variety of food and water sources for wildlife, including water fowl, amphibians and fish. In fact, there are about 24 acres around the streams and pond that are protected to maintain the water quality of these areas.

A forest stewardship plan is made by agency and resource professionals and gives landowners recommendations that focus



on practical modifications of existing conditions rather than costly investment. The landowner decides which activities to pursue based on a time schedule that is compatible with their resources and ability to conduct work.

For Beam this includes 29 acres of 21 year-old white pines that will be ready for harvest in another nine years. Back in 2000 southern pine beetles had made a home in another 28 acres of 40 year-old loblolly pine; the infested trees were cut along with a sufficient buffer. The remaining trees are now 50 years old and ready to be harvested, along with 8.2 acres of hardwoods. Another 30.6 acres of 15 to 20 year-old loblolly

continued on page 2

## Woodmansee receives honor from NCFCA

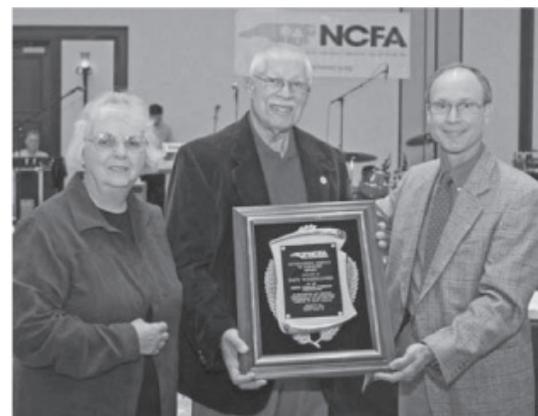
The Daily Reflector  
Monday, November 23, 2009

Dave Woodmansee of Blounts Creek recently was honored by the North Carolina Forestry Association with its Outstanding Service to Forestry Award. The NCFCA presents the award annually to a member who has demonstrated a remarkable commitment to forestry and the forestry community.

Woodmansee, a retired forester from Georgia-Pacific, is serving on the executive board of the N.C. Tree Farm Program as outreach and education director. One of the core volunteers of the program, Woodmansee coordinates the program's workshops that are conducted throughout the state each year.

"Dave has been dedicated to landowner outreach his entire career," NCFCA Executive Vice President Bob Slocum said. "So it is not really a surprise that he is part of the group of people who have led the resurgence of the tree farm program here in North Carolina. Over the years, Dave has provided his time and talents to the NCFCA and the forestry community in general. We are pleased to honor him with this award."

Woodmansee graduated from the New York State College of Forestry in 1958. After graduation, he served with the U.S. Army as an armor platoon leader and company commander. He began his



left to right - Mary Jo and Dave Woodmansee accept the NCFCA's Distinguished Service Award from NCFCA President Mark Wiseman.

career as professional forester with Union Camp Cooperation in Georgia and was subsequently employed by Georgia-Pacific Corporation for 30 years before retiring in 2002 as eastern region manager of Georgia-Pacific's forest resources division.

Woodmansee is an honorary member of the Forest Resources Association, a member of the American Tree Farm System's Golden 100 Club, a golden member of the Society of American Foresters and has served four terms on the NCFCA's board of directors.

## Lynda Beam Recognized For Land Stewardship - continued

and shortleaf pines are also scheduled for commercial thinning to rid the forestland of the diseased and poorly formed pines, red maples and sweetgums.

The program helps landowners realize the objective of managing their forests for the benefits they desire by providing technical assistance in developing a stewardship management plan. The voluntary program recognizes the

landowner's achievements in promoting total forest resource management. The forest stewardship plan is based on the landowner's objectives, and activities are scheduled to enhance the forest for wildlife, soil and water quality, timber production, recreational opportunities and natural beauty.

---

## Forest Nutrition Cooperative Celebrates 40th Anniversary

Media Contact: Jose Luiz Stape, 919.513.4041

The Forest Nutrition Cooperative (FNC) celebrated its 40th anniversary October 6-8, 2009, at its Annual Meeting hosted by North Carolina State University (NCSU) and held in Chapel Hill, NC. The meeting concluded another successful year for the Cooperative. A new Strategic Plan was completed to guide research efforts during 2010-2015. The 70 participants enjoyed scientific reporting on studies ranging from thinning and fertilization of loblolly pine to water use efficiency of Eucalyptus. A poster session highlighted Cooperative graduate student efforts, and Lee Allen, former FNC co-director, provided a historical overview of the Cooperative, with special recognition of Weyerhaeuser's Robert Campbell for his long-term support for the forest sector.

Founded by T.E. Maki, C.B. Davey and J. Cantrell, the Cooperative began in 1969 with 16 members to study the feasibility of forest fertilization for loblolly pine in southeastern United States. Now 43 members strong, FNC is an international partnership committed to creating innovative solutions to enhance forest productivity and value through the sustainable management of

site resources. The Cooperative is led by three universities and co-directed by Jose Luiz Stape (NCSU), Tom Fox (Virginia Tech), and Rafael Rubilar (Universidad de Concepción). The team has expertise in silviculture of both tropical and temperate forests.

During its 40 years of operation, FNC has helped support 115 students who have conducted their graduate research on issues important to the Cooperative. In 2008 alone, FNC personnel published 18 peer reviewed manuscripts and there are already 20 publications in 2009.

The future looks promising for FNC. Building on the successes of the 60 ongoing study sites in North and South America, new initiatives have been approved by FNC members that will provide answers to the potential productivity of planted forests. With the willingness of members to support these projects, the Cooperative looks forward to celebrating its next milestone.

For more information concerning the Forest Nutrition Cooperative, including membership, current research, or graduate education programs, visit [www.forestnutrition.org](http://www.forestnutrition.org).

---

## Former Adversaries Launch Carbon Credit-Trading Project

By Juliet Eilperin  
Washington Post Staff Writer

A group of timber and paper supply companies and environmental organizations announced Thursday a pilot project to allow landowners who selectively log their forests to earn carbon credits they can trade on the open market. Such a trading system is part of legislation before Congress that would cap greenhouse gases nationwide.

A coalition that includes Staples, Home Depot and the Dogwood Alliance, an environmental advocacy organization that once crusaded against Staples, said it aims to test how landowners in the U.S. South can receive economic benefits from expanding carbon stores in their working forests. Ninety percent of forests in the South, which ranks as the largest paper and wood-producing region in the world, is privately owned. Some farmers in the region still clear cut their forests, or convert them to pine plantations that are fast-growing but less environmentally beneficial.

The new group, calling itself Carbon Canopy, said it will encourage these tree farmers in Virginia, North Carolina and Tennessee to selectively log their forests so they can meet the environmental standards of the Forest Stewardship Council, an independent certification group, and then have the chance of selling the carbon stored in their trees to offset greenhouse gas pollution emitted elsewhere.

"Never before have we seen this kind of collaboration in the South between forest industry, large U.S. corporations, landowners and environmental groups to find real solutions" said Danna Smith, the Dogwood Alliance's executive director. "Through investing in the protection, conservation and restoration of forests, we can not only reduce carbon emissions, but we can also ensure a healthy forest legacy for future generations, while providing a helping hand to the millions of families and individuals who manage forestland in the Southern U.S."

Jim Sitts, Appalachian Timber Manager for Columbia Forest Products, said the project "is a running start towards conserving our nation's precious resources and reducing carbon emissions."

Some environmentalists, however, questioned whether it made sense to promote a system where polluters can offset their emissions by paying to grow trees elsewhere.

Daniel Kessler, a spokesman for Greenpeace, praised the idea of managing forests according to the Forest Stewardship Council's standards, but added, "We also believe that forest offsets should not be used in a compliance carbon market."

## Expanded Forestry Opportunities Continue for N.C. Landowners under NRCS Cost Share Programs

(Updated September, 2009)

In 2009, eligible North Carolina forest landowners were able to participate in expanded cost share programs focusing on forestry practices that protect water quality from non-point source pollutants; conserve ground and surface water, improve forest health and biodiversity, and reduce soil erosion from farms and forests. This was largely a result of the 2008 Farm Bill changes in the Environmental Quality Incentives Program (EQIP). This past fiscal year, more than \$1 million was obligated to the EQIP and Wildlife Habitat Incentives Program (WHIP) cost share programs to improve forestland in North Carolina. Funded projects include:

- Fire-line Establishment
- Prescribed Burning
- Forest Stand Improvement
- Restoration and Management of Declining Habitats
- Site Preparation
- Tree Planting of Certain Species

About \$550,000 was recently obligated to EQIP contracts to implement these practices on North Carolina forestland. These funds were available to eligible landowners statewide who had a forest management plan specifying the need for the practices. Forest landowners who applied for the program were eventually

ranked against other forestry applicants. Approximately 5 percent of these EQIP funds were used in the North Carolina mountain counties, 33 percent were used in the coastal plain counties, and 62 percent were used in the Sandhill counties.

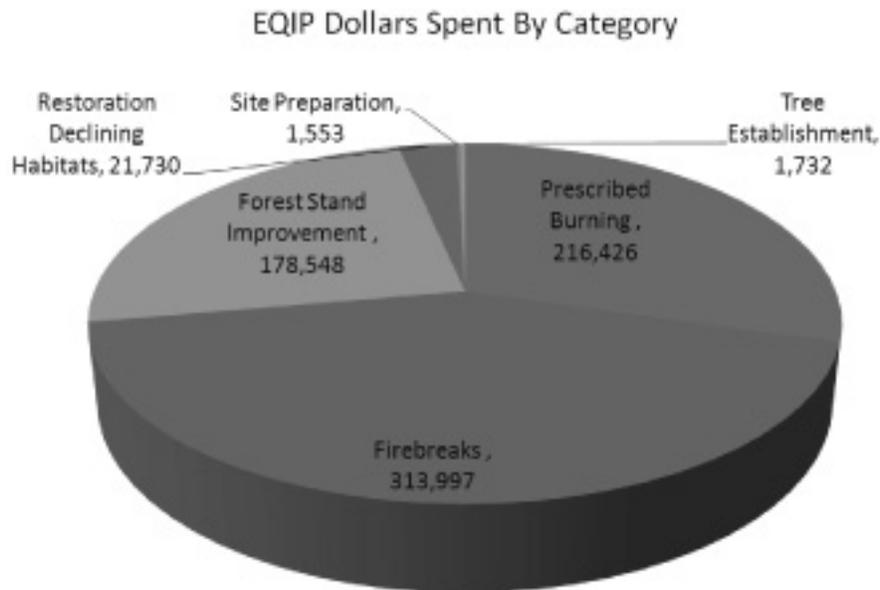
Most of the financial assistance was used for practices involving prescribed burning (with firebreaks) or for forest improvement practices. The chart below summarizes this past year's use of EQIP dollars:

The Natural Resources Conservation Service (NRCS) will offer these forestry programs again in fiscal 2010-2011 with the assistance of the N.C. Division of Forest Resources (DFR) and the Farm Service Agency (FSA). Forest landowners who are interested should apply by contacting their local NRCS office, many of which are located in each county's USDA Service Center. Applications for these programs will be accepted year-round. The application process is more lengthy if forest landowners and their land is not already in the USDA system, or if the owner is a corporation or partnership. Don't wait. Visit your local NRCS office today to start the process. The NRCS will soon be advertising program changes and eligible practices that have been added for the coming year.

**NRCS offices in N.C.:** [www.nc.nrcs.usda.gov/contact/directory](http://www.nc.nrcs.usda.gov/contact/directory)

**FSA offices in N.C.:** <http://offices.sc.egov.usda.gov/locator/app?state=nc&agency=fsa>

**DFR offices in N.C.:** [www.dfr.state.nc.us/contacts/contacts\\_main.htm](http://www.dfr.state.nc.us/contacts/contacts_main.htm)



# Income Tax on Cost Share Payment from the Forest Health Protection Program



Dr. Linda Wang

Forest Tax Specialist, USDA Forest Service

August 18, 2009

## Forest Health Protection Cost Share Payment Approved for Income Exclusion

The IRS has approved that the Forest Health Protection cost share program is eligible for income exclusion under Section 126 of the Internal Revenue Code (Revenue Ruling 2009-23, August 10, 2009, IRB 2009-32). This determination allows forest landowners to exclude part or all of the cost share payment(s) received under this program from their income. Prior to this ruling, the payments were not excludable and were thus taxable as income for the taxpayer.



### What Forest Health Protection Programs Are Included

This ruling applies to programs that treat forest insects such as southern pine beetles and western bark beetles; forest diseases; and forest invasive plants where landowners are paid a portion of the cost to practice integrated pest management.

### How to Correctly Report the Cost Share Payment from the Forest Health Protection Program

The easiest, yet often not the most financially beneficial option, is to report all cost share as other income and deduct the treatment expenses. The expense deduction, however, is limited to 2% of your adjusted gross income if your property is an investment. Business property is not subject to such restrictions.

**Example 1:** You received \$2,000 Southern Pine Beetle cost share payment in 2009. Your out-of-pocket expense was \$3,000. You can elect not to exclude the payment from your income and *report \$2,000 as income*. Your \$5,000 expense is deductible, but the amount of deduction is limited to the excess over 2% of your adjusted gross income (on Schedule A). Alternatively, you may add the expense to the cost of timber and recover it upon timber sale or loss.

The second available option is exclusion. This will typically lower your taxes, but the calculation may appear complex. *Attach a statement to your tax return indicating the amount of cost shares received, the value of the improvement, and the calculations determining the amount of exclusion.*

### How to Calculate the Exclusion?

- Step 1. calculate 10% of your average annual income from the property in the last three years (zero if none)
- Step 2. calculate \$2.5 per acre times the number of affected acres
- Step 3. dividing the greater amount from Step 1 and 2 by an interest rate gives you the exclusion amount.

**Example 2:** You own 100 acres of woodland and received \$2,000 Southern Pine Beetle cost-share in 2009. Your income from the property was \$1,800 in the last three years. Using 7.56% as the interest rate, you may exclude all of the cost share payment :  $\$2.50 \times 100 \text{ acres} = \$250$  and  $10\% \times (\$1,800 \div 3) = \$60$ ;  $\$250 \div 7.56\% = \$3,307$ , which is more than the cost-share. Attach a statement to your tax return showing the calculation of the excludable amount.

#### Even if

*all of your cost-share payment can be excluded from your income, you are required to attach your exclusion calculation to your tax return showing how it was determined.*

Note: The IRS does not establish which interest rate to use. Farm Credit System Bank rates may be a reasonable reference.

#### Form 1099-G

*When the cost share payment is \$600 or more, the forestry agency will generally report it on Form 1099-G to the IRS and the recipient. See the form instructions for more info.*

#### Form W-9

*The forestry agency is required to use W-9 to obtain your taxpayer identification number if you haven't provided it on the cost share application. This info is used to file 1099-G by the forestry agency.*

*This guide can be downloaded free at [www.timbertax.org](http://www.timbertax.org). For further info, contact Linda Wang at: [lwang@fs.fed.us](mailto:lwang@fs.fed.us). This writing is not legal or accounting advice; consult your tax professional for your case.*

---

## ARRA funds will help North Carolina forests

The N.C. Division of Forest Resources (NCDFR) was awarded more than \$4.6 million for fire hazard reduction efforts and \$1.7 million for the Regional Longleaf Pine Restoration through the American Recovery and Reinvestment Act (ARRA).

The division was awarded \$4.6 million in fire hazard reduction money with the goal of reducing the fuel loads in North Carolina forests, resulting in saving taxpayer's money to fight wildfires while maintaining and creating jobs. To assist the NCDFR five people are being hired to seek out areas that need mitigation and establish contracts for that work to be carried out.

Private contractors are being hired to provide wildfire mitigation and prevention education, and complete Community Wildland Fire Protection Plans (CWPP) by collecting data in 300 fire districts and reporting the information using NCDFR protocols. The information in the CWPP's will be used to promote the N.C. Firewise program that provides the knowledge necessary for people to protect their homes in the wildland urban interface (WUI) from wildfire. There are 14 Firewise communities in North Carolina.

NCDFR was also awarded more than \$1.7 million for the Regional Longleaf Pine Restoration Initiative through the ARRA. The division is one of five state forestry agencies in the country that will implement the longleaf pine initiative during the next two years (May 2009 – May 2011). The overall funding for this regional project is more than \$8.9 million and is being divided between North Carolina, South Carolina, Florida, Georgia and Alabama. In addition to creating jobs, the initiative will support a variety of activities to restore longleaf pine ecosystems within its natural range. The longleaf pine once covered the land from Virginia to eastern Texas, covering approximately 92 million acres. Approximately 3 million acres remains across the country. During the Colonial and early statehood periods, the longleaf pine was a vital part of the North Carolina economy.

The majority of the planned Longleaf restoration efforts will occur on Bladen Lakes State Forest (BLSF), in Bladen County, to establish longleaf pine on 700 acres within and near red cockaded woodpecker (RCW) forage habitat. A number of other management activities will occur at BLSF, including the establishment of 300 acres of wiregrass groundcover under canopies of existing longleaf pine. Prescribed burns on approximately 6,300 acres of existing, and soon to be converted, longleaf stands will also occur. This work will be accomplished by hiring temporary employees and private contractors. If opportunities and funding allow, work may be conducted on other state forest lands managed by NCDFR and on other state and local government lands.

In North Carolina, there are growing efforts by tree nurseries, including those managed by NCDFR, to grow Longleaf pine seedlings for commercial production. Stimulus money will be used to expand the containerized longleaf seedling capacity at the Claridge Nursery in Goldsboro by 4.2 million seedlings annually. This will include the construction of a new irrigation system. NCDFR will also produce seedlings of understory plant species typically associated with longleaf pine ecosystems, such as beargrass and wiregrass, which can be sold to support the longleaf ecosystem restoration. This work will be done primarily by private contractors.

A \$247,000 grant has also been awarded through the ARRA to the N.C. Division of Forest Resources to fund a project entitled "Keep Sediment in Check." This money will promote efforts to protect water quality on more than 17 million acres of North Carolina forests, while supporting an estimated 20 jobs during the project's implementation.

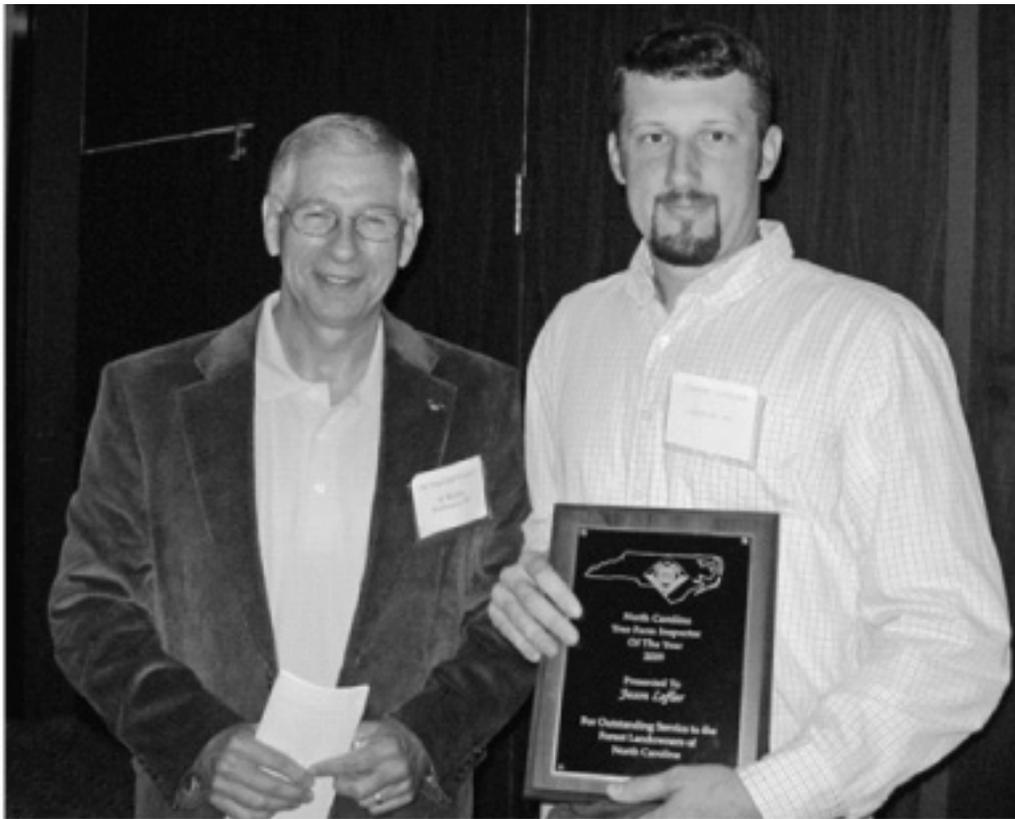
Approximately 60 percent of the funds will be applied to restoring, stabilizing and enhancing stream and aquatic conditions on a portion of state forest lands under management by the N.C. Division of Forest Resources. The remaining 40 percent of the ARRA grant will support two staff positions for approximately seven months within the N.C. Division of Forest Resources' Nonpoint Source Branch, both of which would otherwise have been eliminated in mid-2010 due to lack of salary funds.

Funding from these grants will also be used to create a new grant administrative assistant position and to support retention of an existing staff forester position to serve as the ARRA Longleaf program coordinator. A highly qualified outreach and education coordinator will also be hired as a contractor to develop a series of educational workshops targeting landowners in three areas – the Sandhills, Bladen Lakes, and the Onslow Bight (from North Carolina's Cape Lookout to Cape Fear regions). NCDFR also plans to offer tuition and travel scholarships for up to 25 foresters and natural resource professionals to attend one of the six Longleaf Academies being planned by the Longleaf Alliance in Alabama. Promotional/educational materials supporting longleaf pine restoration and management will also be purchased or developed and distributed widely to landowners, natural resource professionals and Longleaf advocates.



---

## Lefler Named 2009 Tree Farmer Inspector of The Year



Al Weller presented Jason Lefler (right) with the North Carolina Tree Farm program's Tree Farm Inspector of the Year for his efforts over the past year at the annual meeting held in Myrtle Beach, SC. Lefler is from Candor, NC.

---

## Ricks Named 2009 NC Tree Farmer of The Year



Riddick Ricks was named the 2009 Tree Farmer of the Year in October at the North Carolina Tree Farm program's annual meeting in Myrtle Beach. Ricks is a landowner in Northampton County. (l-r) Bob and Jean Cooper presented the Riddick and Alice Ricks with their award.

---

## Use Local Firewood and Keep Invasive Species from Killing N.C. Trees



North Carolina forestry officials say people should use local firewood because evidence suggests that several tree-killing insects are being carried into the region by people toting firewood from other states.

The redbay ambrosia beetle, which transmits the destructive laurel wilt, and the gypsy moth have been discovered along the borders of North Carolina. Laurel wilt has been confirmed in northern South Carolina by state and federal forestry officials. The European gypsy moth has been found in some northeastern counties of our state.

The insects, known as non-native invasive species, are making their way across state borders in a number of ways but the biggest culprit is firewood, forestry officials say.

The gypsy moth lays egg masses on firewood. Other invasive insects, including the redbay ambrosia beetle, the emerald ash borer, Sirex woodwasp, and the Asian longhorned beetle, can complete their life cycle within the firewood and emerge as adults at a new location. Invasive pathogens can also be present on firewood and produce spores that infect and kill oaks.

North Carolina residents and visitors should use local firewood that comes from within a 50 miles radius of where it was cut. Firewood should never be brought into North Carolina from other states. If firewood has unknowingly been brought into our state or has been moved long distances across the state, make sure to burn all the firewood as soon as possible. Campers should never leave unburned firewood at a campsite.

Also, homeowners with dead redbay trees should keep cut trees on their property. Proper disposal of redbay includes leaving wood on-site, cutting or chipping wood on-site, or burning wood on-site in compliance with local ordinances. Dead trees should not be taken to a landfill or somewhere else to be used as firewood.

---

# Biomass Crop Assistance Program for FSA (Farm Service Agency)

## 1. What is "BCAP?"

The **B**iomass **C**rop **A**ssistance **P**rogram (BCAP) provides financial assistance to producers or entities that deliver eligible biomass material to designated biomass conversion facilities for use as heat, power, biobased products or biofuels. Initial assistance will be for the **C**ollection, **H**arvest, **S**torage and **T**ransportation (CHST) costs associated with the delivery of eligible materials.

## 2. How long does the BCAP last and how much money is available?

After a facility is approved, the program will last for two years after receipt of the first payment. So if a facility is approved on December 1, 2009, a check is received by an eligible material owner by January 1, 2010, the program for that producer would end December 31, 2011.

\$25 million has been provided for FY 2009.

## 3. What does that mean in layman's terms?

The 2008 Farm Bill provided a means to pay producers of "eligible biomass material" matching funds - \$1 for \$1 - up to \$45/ton collected (cut, processed and loaded), delivered, stored and transported to a "Qualified Biomass Conversion Facility." **Note: Payment is based on dry tons - not green.**

## 4. What is "eligible biomass material?"

A complete description can be accessed here:

[http://www.fsa.usda.gov/Internet/FSA\\_File/bcap\\_elig\\_mats\\_090714.pdf](http://www.fsa.usda.gov/Internet/FSA_File/bcap_elig_mats_090714.pdf)

It does make a difference whether or not you are obtaining the material from Federal or non-Federal lands, but assuming the latter, the following is what is considered as "eligible":

Renewable Plant Material including:

- Trees and Shrubs such as:
  - Forest thinnings materials
  - Forest, harvest, and post-disaster slash (branches, tops, and disaster debris)
  - Hardwood chips
  - Softwood chips
  - Cutoffs
  - Bark
- Wood residues such as:
  - Wood mill waste and scraps including sawdust

If removed from non industrial private forest land, the eligible material collection and harvesting activities must be done according to a new or

amended Forest Stewardship Plan (FSP), or other practice plan approved by the State forester.

## **5. Who is an "Eligible Material Owner?"**

1. A person having the right to collect or harvest eligible material and that has delivered the eligible material to a CHST qualified biomass conversion facility and who has purchased the material from the landowner, (for example, a bulk sale) or:

2. For eligible material collected from private lands, including cropland, the owner of the land, the operator or producer conducting farming operations on the land, or any other person designated by the owner of the land (for example, "pay-as-cut".)

To clarify, if you buy a timber sale that includes all materials in a bulk sale, then you – the logger/wood supplier, etc. – would be the "Eligible Material Owner." If you buy it as a "pay-as-cut" sale, the landowner is the "Eligible Material Owner."

## **6. What is a "Qualified Conversion Facility?"**

*A qualified biomass conversion facility* means a biomass conversion facility that meets all the requirements for qualification outlined in this NOFA, for which the facility owners enters into a memorandum of understanding (MOU) for such facility qualification with the Deputy Administrator. A paper or pulp mill, sawmill, OSB plant, etc. – any facility that burns hog fuel in a boiler, or converts biomass material into heat, power or bio-based products – can apply to be a conversion facility. The application form can be found here: <http://www.fsa.usda.gov/FSA/webapp?area=home&subject=agri&topic=bcap>

## **7. Can pulp mills that buy or use biomass for boiler fuel be a qualified conversion facility?**

Yes. In cases where a mill takes in tree length material, only the portion of wood used to produce heat/energy, including steam, is eligible under BCAP. Black liquor is not eligible.

## **8. Are any facilities in North Carolina currently approved?**

As of this writing, KapStone Paper in Roanoke Rapids has been approved. Several others have submitted their application and should be approved shortly. According to the Farm Service Agency, turnaround on applications is around 15 business days.

## **9. What does it mean to a facility to become qualified?**

If your facility converts or plans to convert eligible material into heat, power, biobased CHST products, advanced biofuels, or any combination of these, please download an Agreement template from the BCAP Website (<http://www.fsa.usda.gov/bcap>) and follow the instruction for submitting it to your State FSA Office.

The form to complete is rather detailed, but not all that difficult. Some concerns raised to date include the amount of paperwork involved, measurements that are currently required to be taken on each load of material (not all mills are not set up to conduct the tests for green-ton/dry-

ton conversion at this point), and the length of time the program is set to run.

If a company has multiple mills across the country, or within the state, each facility is required to submit an application.

**10. Can an Eligible Material Owner sign up and commit deliveries to a facility before the facility becomes a qualified biomass conversion facility (BCF)?**

No, the facility must be enrolled and designated as a qualified BCF before deliveries are accepted for payment.

**11. I am an Eligible Material Owner. What should I do once I identify a CHST qualified Biomass Conversion Facility (BCF) in my area?**

After a BCF becomes qualified for collection, harvest, storage and transportation (CHST) by having an Agreement signed by the State FSA Office, and assigned a facility identification number, an eligible material owner may apply for CHST Matching Payments at the county office before delivery and provide information about the sale. The eligible material owner should bring in copies of any contracts or letter of intent to sell products to the qualified biomass conversion facility.

After delivery, eligible material owners may submit payment requests to their county office. Then the county office will authorize payment to be made through the United States Treasury.

**12. What type of documentation is required?**

The **qualified biomass conversion facility** is required, per the signed Agreement with CCC/FSA/USDA, to maintain a purchase list (see the BCAP web page for an example of the Purchase List: [www.fsa.usda.gov/bcap](http://www.fsa.usda.gov/bcap)). The Purchase List provides a log of eligible material purchases and records actual tonnage, dry-ton equivalent, price per dry ton paid, total purchase price, and purchase owner name and authorized representative.

In addition, per the Agreement with CCC/FSA/USDA and NOFA, the qualified facility will record on the scale ticket the actual tonnage (green tons), date of delivery, and facility representatives handwritten signature or electronic signature. And finally the final invoice or receipt that is issued to the eligible material owner will include the green ton weight delivered along with the dry ton equivalent, price per dry ton paid, authorized representative's handwritten or electronic signature, Facility ID# and date of delivery.

Also, the qualified facility is required retain records which will include but is not limited to the spreadsheet, books, papers, records, contracts, scale tickets, settlement sheets, invoices, written price quotations, or other documents related to BCAP. Records will be maintained and retained for no less than three years from the date of payment for such renewable biomass purchases.

The BCF should have a contract or a letter of intent to purchase. The agreement should describe the purchaser, the amount of product, type of product, time frame, and to some extent the price range of the product.

The **Eligible material owner** should be able to document to the County office staff the source of the material and how they were able to acquire the control of the material. They should be able to supply you with some type of contract or receipt for product.

**10. How is the payment determined?**

The CHST Matching Payment Program will provide eligible material owners matching payments for the sale and delivery of eligible material to a CHST-qualified BCF. These payments will be available to eligible material owners at the rate of \$1 for each \$1 per **dry ton** paid by the CHST-qualified BCF to the eligible material owners, limited to a maximum of \$45 per dry ton and limited to the 2-year payment duration.

**13. Since most deliveries and payments are based on a green ton basis, why isn't the BCAP also based on a green ton?**

That option remains a possibility to be changed in the future; however, the current bill was written to determine payment based on dry tons. If no average can be determined, they will use \$33/dry ton as the conversion rate.

**14. How often are payments made?**

When the correct information (scale tickets and any other supporting documents) is supplied to the local office, checks are cut or direct deposited in 2-3 business days.

**15. If I have a sawmill and sell residue to another company, am I eligible to receive the BCAP?**

Yes, as long as it is a different company (not a subsidiary) and if the receiving mill is on the approved list. If the matching payment request is being made for mill waste then the point of origin will be the mill's address. For example, if a mill that is selling sawdust to a wood pellet producer that is a qualified biomass conversion facility enters a county office to apply for matching payment, the point of origin of the material will be the address of the mill.

Note that the mill cannot be a qualified biomass conversion facility also, the material must not have already received a matching payment and the transaction must be arm's length.

**16. As a landowner, what can I expect from this? Must I have a Forest Stewardship Plan or other type of management plan?**

Although ambiguous in the bill, FSA is requiring that the landowner with Eligible Material provide documentation that he/she has a Forest Stewardship Plan or a forestry plan that would provide for the use of biomass provided that the plan is currently in place or can be developed at no cost.

A contractor or aggregator that has control of eligible material is not required to document the FSP or forest plan. The co-mingling of material would make tracing the point of origin of the material very difficult.

**17. Where can I find out more information?**

The text of the bill can be found here:

[http://www.fsa.usda.gov/Internet/FSA\\_Federal\\_Notices/bcap.pdf](http://www.fsa.usda.gov/Internet/FSA_Federal_Notices/bcap.pdf)

The FSA/BCAP website is here:

<http://www.fsa.usda.gov/FSA/webapp?area=home&subject=agri&topic=bcap>

N.C. FOREST STEWARDSHIP NEWS  
1616 Mail Service Center  
RALEIGH, NORTH CAROLINA 27699-1616

Presort Standard  
U.S. Postage  
**PAID**  
Permit No. 144  
Raleigh, N.C.

Printed on Recycled Paper



A Quarterly Newsletter, from the N.C. Department of Environment and Natural Resources  
Beverly Eaves Perdue, Governor • Dee Freeman, Secretary • Wib Owen, Director, Forest Resources

[www.dfr.state.nc.us](http://www.dfr.state.nc.us)

5,400 copies of this public document were printed at a cost of \$584.80 or \$0.10 per copy.