Landowner Program Overview Packet

One-Page Executive Summary

Purpose of This Packet

This overview is designed for **landowners, investors, and advisors** evaluating tax strategies, carbon programs, land restoration investments, and soil health products. Each option serves a **different objective** and carries different financial, contractual, and operational implications.

Program Snapshot (At a Glance)

Boa Safra Ag – Legacy Nutrient Tax Deduction

- **Primary Benefit:** One-time federal tax deduction tied to land basis
- **Value Type:** Tax savings (timing advantage)
- **Typical Benefit:** ~$1,700/acre deduction
- **Commitment:** No long-term land-use restrictions
- **Best For:** Owners seeking tax efficiency without operational change

Agoro Carbon – Soil Carbon Program

- **Primary Benefit:** Annual carbon income
- **Value Type:** Ordinary income
- **Typical Benefit:** ~$15–$40+/acre/year (varies)
- **Commitment:** 10-year contract
- **Best For:** Producers adopting new regenerative practices

Cultivo – Natural Capital Projects

- **Primary Benefit:** Long-term profit share from restoration projects
- **Value Type:** Project distributions
- **Typical Benefit:** Variable, market-based
- **Commitment:** Often 40+ years

- **Best For:** Large landowners focused on legacy, stewardship, and long-term value

Holganix – Soil Biology & Carbon Participation

- **Primary Benefit:** Agronomic performance + potential carbon payments
- **Value Type:** Yield/input efficiency + income
- **Typical Benefit:** ~$70/acre carbon (program dependent)
- **Commitment:** Product-only or separate carbon contracts
- **Best For:** Operators improving soil health and exploring carbon stacking

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Key Differences That Matter

- **Tax vs Income:** Boa Safra generates deductions; others generate income
- **Control:** Carbon programs assign rights; tax strategies do not
- **Time Horizon:** 0–10 years vs multi-decade commitments
- **Stacking:** Not all programs can coexist on the same acres

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Bottom Line

There is **no single best program**. The right choice depends on:

- Income needs
- Risk tolerance
- Holding period
- Stewardship goals

This packet is intended to support **informed decision-making**, not to replace legal or tax advice.

This packet is designed as a **reader-friendly, printable handout** for landowners evaluating different soil, tax, carbon, and land-stewardship programs. Each company is presented in the **same format** so programs can be compared side-by-side.

BOA SAFRA AG

Legacy Nutrient Tax Deduction Program

What This Program Is

Boa Safra Ag helps landowners capture a **federal income tax deduction** tied to the value of *legacy (pre-existing) soil nutrients* that were already present when the land was purchased or inherited. These nutrients are treated as a wasting asset that can be amortized or expensed under certain IRS provisions.

This is **not a carbon program** and does not require changing how the land is managed.

What the Landowner Gets

- A professionally documented nutrient valuation
- IRS-defensible support files for your CPA
- A **one-time tax deduction**, often spread over multiple years depending on structure

Typical Financial Benefit

- Average deduction reported by Boa Safra: **~$1,700 per acre**
- Real cash value depends on tax bracket:
  - 24% bracket ≈ ~$400 per acre in tax savings
  - 37% bracket ≈ ~$630 per acre in tax savings

Cost to Participate

- **$40 per acre** service fee
- No revenue share, no ongoing fees

Who This Fits Best

- Owners of cropland, pasture, or timberland
- Land purchased or inherited (especially post-2000)
- Owners with meaningful taxable income
- Investors and operators looking for **tax efficiency** rather than annual payments

Program Rules & IRS Framework

Boa Safra's methodology references:

- IRS Private Letter Ruling 9211007
- IRS Market Segment Specialization Program guidance
- Relevant sections of the Internal Revenue Code (including §§167, 168, 180, and 611)

Land must remain in agricultural or timber production during the deduction period.

Minimum Requirements

- Proof of ownership and land basis
- Soil testing and nutrient analytics
- CPA involvement for filing

Acreage Requirements

- **20-acre minimum enrollment**
- Minimum **land basis of ~$500 per acre** is typically required

Important Tax Basis Note

- The amount of legacy nutrient deduction taken **reduces the land's tax basis per acre dollar-for-dollar**
- This impacts future capital gains calculations

What Happens When the Land Is Sold

- Prior deductions reduce the **adjusted basis** of the land
- Lower basis generally means **higher taxable gain** at sale
- In most cases this represents a **timing shift** (tax savings today vs. tax later)
- Outcomes depend on:
    - Holding period
    - Capital gains rates at sale
    - Exchange or estate-planning strategies

CPA-Ready Summary (Quick Reference)

Purpose: Recover land basis attributable to residual soil fertility through deduction or amortization.

Core Concept: Legacy soil nutrients are treated as a wasting asset embedded in land basis. As nutrients are depleted through production, a portion of basis may be recovered.

Key References (per Boa Safra):

- IRS PLR 9211007
- IRS Market Segment Specialization Program guidance
- IRC §§167, 168, 180, 611 (application varies by taxpayer facts)

Mechanics:

- Deduction tied to calculated nutrient value
- Deduction reduces basis dollar-for-dollar
- May be expensed or amortized depending on structure

Documentation:

- Soil and nutrient analysis
- Acquisition and basis records
- CPA coordination for filing and audit support

Decision Guide: Is Boa Safra a Fit?

Good Fit If:

- You own 20+ acres in active ag or timber production
- You have taxable income to offset
- You plan to hold land long enough to benefit from accelerated deductions

Not a Fit If:

- Land is in crop CRP
- You have minimal taxable income
- You plan to immediately sell without tax-planning needs

Simple Basis Impact Example

- Purchase price: $5,000/acre
- Legacy nutrient deduction taken: $1,500/acre
- Adjusted basis after deduction: $3,500/acre

If land later sells for $7,000/acre:

- Gain without deduction: $2,000/acre
- Gain with deduction: $3,500/acre

The tradeoff is **earlier tax savings vs. higher future gain**, often advantageous in high-income years.

Program Stacking & Compatibility Matrix

Program	Boa Safra	Agoro Carbon	Cultivo	Holganix
Boa Safra (Tax Deduction)	—	✔ Generally compatible*	⚠ Case-specific	✔ Compatible
Agoro Carbon	✔ Compatible	—	✖ Not stackable on same acres	⚠ Depends on carbon contract
Cultivo	⚠ Case-specific	✖ Typically exclusive	—	⚠ Depends on project rules
Holganix (Products)	✔ Compatible	⚠ Depends on program	⚠ Depends on project	—

*Compatibility always depends on contract terms, timing, and whether the same attribute is being monetized.

Key Takeaway:

- Boa Safra is a **tax strategy**, not an environmental credit
- Carbon programs generally **cannot stack on the same acres**
- Input products may be compatible but do not automatically qualify acres for carbon payments

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Who Controls What? (Rights & Obligations Overview)

Item	Boa Safra	Agoro Carbon	Cultivo	Holganix
Land Ownership	Landowner	Landowner	Landowner	Landowner
Soil Carbon Rights	Landowner	Assigned for contract term	Assigned to project entity	Landowner
Other Ecosystem Credits	Landowner	Usually not included	Often included	Landowner
Data Sharing	Limited	Required	Extensive	None required
Long-Term Land Use Restrictions	None	Yes (10 yrs)	Yes (40+ yrs)	None
Basis Impact	Yes (reduced)	No	No	No

CPA Advisory Memo (Download-Ready Summary)

Subject: Overview of Land-Based Programs and Tax Treatment Considerations

This memo summarizes common land-based programs currently marketed to agricultural and ranch landowners and highlights key tax and accounting considerations.

Program Categories

1. **Tax Deduction Programs (Boa Safra)**
   - Generate deductions tied to land basis
   - Reduce adjusted basis dollar-for-dollar
   - No ongoing land-use restrictions
2. **Voluntary Carbon Programs (Agoro Carbon)**
   - Generate ordinary income upon payment
   - Subject to long-term contractual commitments
   - Carbon credits are typically owned and sold by the program sponsor
3. **Project Finance / Natural Capital Projects (Cultivo)**
   - Long-term agreements (often 40+ years)

    - Landowner may receive profit distributions rather than per-acre payments
    - Ecosystem service rights are assigned to a project entity

4. **Agronomic Input Products (Holganix)**
    - Treated as ordinary operating expenses
    - No basis impact
    - Carbon payments, if any, are governed by separate contracts

Key Planning Considerations

- Basis reduction vs. income recognition
- Timing of deductions vs. long-term gain
- Interaction with exchanges, estates, and entity structures
- Audit documentation and substantiation requirements

CPAs should evaluate each program within the context of the taxpayer's broader income profile, holding period, and disposition plans.

AGORO CARBON

Agricultural Soil Carbon Program

What This Program Is

Agoro Carbon pays farmers and ranchers to adopt **new regenerative practices** that reduce emissions and/or increase soil carbon. Verified improvements generate **carbon credits** sold in the voluntary carbon market.

What the Landowner Gets

- Annual or milestone-based payments
- Agronomic and technical support
- Carbon market access without managing sales or verification

Typical Financial Benefit

- Published minimums around **$16.50 per metric ton / acre** (varies by practice and soil)

- Payments may include:
    - **Upfront pre-payments** (years 1–4)
    - **True-up payments** after soil verification

Actual earnings vary by acres enrolled, practices used, and measured outcomes.

Cost to Participate

- **No direct program fees**
- Producers may incur **practice implementation costs** (seed, fencing, grazing changes, equipment)

Eligible Practices

- Cover crops
- Reduced tillage / no-till
- Improved grazing management
- Other approved regenerative practices

Contract Length & Structure

- **10-year commitment**
- Practices must be *new* to the field
- Carbon credits are issued after verification and buffer deductions

Minimum Requirements

- Land control for contract term
- Historical field data
- Agreement to monitoring, soil sampling, and audits
- No double-counting with other carbon programs

Acreage Requirements

- Typically **400–500 acres minimum** (operation dependent)

Why Landowners Sign Up

- New income stream layered onto production

- Support during transition to regenerative systems
- Opportunity to offset risk with pre-payments

Key Tradeoffs to Understand

- Long-term commitment
- Payments depend on verification, not just enrollment
- Carbon revenue is variable

CULTIVO

Land Restoration & Natural Capital Projects

What This Program Is

Cultivo partners with landowners on **large-scale land restoration projects** (grasslands, forests, agroforestry, rangeland). Projects generate **carbon and other ecosystem credits** financed through investors and sold to corporate buyers.

This is a **project-finance model**, not a simple per-acre program.

What the Landowner Gets

- Access to outside capital for restoration
- Ongoing project management and monitoring
- A **profit-share (typically 20%–60%)** from project revenues
- Improved land condition and long-term asset value

On-the-Ground Ranch Support

For ranching operations, Cultivo projects commonly include **operational and infrastructure upgrades** designed to improve both ecological outcomes and livestock performance, such as:

- **Cattle collars / virtual fencing** to enable adaptive grazing and precise pasture rotation
- **Water infrastructure improvements**, including pipelines, tanks, and distributed water points to improve grazing distribution

- Support aligning **private land management with BLM and public land grazing leases**, helping operators integrate restoration practices across mixed ownership landscapes

These tools are used to improve grazing efficiency, reduce land degradation, and meet verification standards for carbon and ecosystem projects.

Typical Financial Benefit

- Revenue tied to carbon credit sales
- Example market prices cited publicly range from **$25–$55 per ton** (market-dependent)
- Landowner income depends on:
  - Acres enrolled
  - Project performance
  - Credit prices

Cost to Participate

- Infrastructure, monitoring, and operations are typically financed through the project
- Costs are recovered before profit distribution

Contract Length & Structure

- **Long-term commitment** (often 40+ years)
- Land remains owned by the landowner
- Natural capital rights (carbon, biodiversity, water) are assigned to a project entity

Minimum Requirements

- Long-term land control
- Willingness to implement major land-management changes
- Monitoring, verification, and audits under recognized standards (e.g., Verra)

Acreage Requirements

- No published minimum

- Typically favors **large ranches or aggregated landscapes** due to project economics

Why Landowners Sign Up

- Access to capital for restoration without selling land
- Long-term income diversification
- Legacy and stewardship goals

Who This Fits Best

- Large landholders
- Owners focused on long-term value, not short-term cash

HOLGANIX

Biological Soil Health Products & Carbon Payment Program

What This Is

Holganix sells **microbial soil amendment products** designed to improve soil biology, nutrient cycling, and plant health. In addition to products, Holganix also participates in **soil carbon programs** that can generate direct payments to landowners.

This section covers **both** the product side and the carbon payment opportunity.

What the Landowner Gets

- Soil microbial inoculant products (Bio 800 product line)
- Access to a **soil carbon payment program**
- Agronomic guidance aligned with regenerative practices

Carbon Payment Program (High-Level)

Holganix works with carbon program partners to help producers generate and monetize soil carbon outcomes. Reported payment structures marketed through Holganix channels commonly reference **payments around $70 per acre**, depending on practices, eligibility, and verification outcomes.

Important clarification for landowners:

- Payments are tied to **practice adoption and verification**, not simply product use
- Carbon payments are subject to program rules, measurement, and contract terms set by the carbon program partner

Typical Product Cost

- Bio 800 products typically retail around **$40–$45 per gallon**
- Standard row-crop usage:
    - ~1 gallon per acre per year (split into two applications)
    - Approx. **$40–$45 per acre per year** (product only)

How It's Applied

- Foliar or soil application
- Usually applied twice per year
- Cannot be tank-mixed with fungicides

Monetary Benefit (How Producers Evaluate It)

- Potential **carbon payments (~$70/acre)** when enrolled in a qualifying program
- Yield improvement
- Reduced fertilizer dependency
- Improved soil structure and residue breakdown

Actual results vary by soil type, weather, market rules, and management system.

Contracts & Requirements

- Product purchases have **no acreage minimums**
- Carbon programs require separate enrollment and contracts
- Carbon contracts typically include:
    - Multi-year commitment
    - Practice verification
    - Data sharing and audits

Why Landowners Work with Holganix

- Combines biological inputs with carbon-market participation
- Supports regenerative systems
- Potential to stack agronomic and carbon benefits

Who This Fits Best

- Operators focused on soil biology
- Producers exploring carbon payments alongside inputs
- Farms and ranches already moving toward regenerative practices

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Final Notes for Landowners

- **Boa Safra** = tax strategy
- **Agoro Carbon** = 10-year carbon income program
- **Cultivo** = long-term land restoration investment
- **Holganix** = agronomic input, no contract

Each program serves a **different goal**. The right fit depends on income needs, time horizon, risk tolerance, and stewardship objectives.