2026 CAIP Incentive Area Guidelines:
FENCING & ON-FARM WATER

KENTUCKY AGRICULTURAL DEVELOPMENT FUND

*These guidelines represent one of 11 incentive areas within the **County Agricultural Incentives Program (CAIP)** to provide Kentucky agricultural producers cost-share assistance on practices that increase net farm income and opportunities to try new/innovative technologies or systems that improve farm efficiency and productivity.*

Funded participants shall adhere to all local, state, and federal rules and regulations.

Incentive Area Limitations:

- Reimbursements for repairs, routine maintenance, beautification/cosmetics, and/or renewal of annual subscriptions are not eligible for cost-share.
- **Beginning in 2010**, all transport equipment was removed as eligible cost-share items from all incentive areas. This exclusion includes trailers, wagons, and carts with the primary function of transportation.

A. Fencing

Prerequisites:

- Producers applying for boundary/perimeter fencing shall conform to the state fencing law, as set out in KRS Chapter 256.
- Producers shall provide a FSA Farm Map or a PVA Farm Map with the total distance of the fence being built drawn on the map.
- Administrators shall require agricultural justification for reimbursement of fence.

  Note: There is no livestock requirement for this incentive area.

Eligible Cost-Share Items:

For boundary and interior fencing, including perimeter fence and fenceless/virtrual fence, rotational grazing, predator fencing, water source protection, forest management, etc.

1. Posts, fences, including woven and wire fencing **50%**
2. Interior fencing, temporary fencing, and plank fencing is eligible **50%**
3. Gates **50%**
4. Post drivers **50%**
5. Post hole diggers **50%**
6. Fence chargers and supplies **50%**
7. Ground rods, lightning detectors **50%**
8. Documented, hired labor **(this percentage will match the chosen project's percentage)**
9. Contracted site preparation and equipment rental **(this percentage will match the chosen project's percentage)**
10. Rotational Grazing Starter Kit: Can include solar charger, temporary ground rod, up to 100 temporary/movable posts, high conductivity polywire/fencing, voltmeter/fence tester, grazing stick, electric fencing manual **75%**

Exclusions:

- No mechanized equipment will be eligible, except as provided by rental or contract, with the exception of post drivers and post hole diggers.

B. On-Farm Water

Eligible Cost Share Items:

1. **Water Source Enhancement/Development**
   Includes materials, parts, equipment, contracted labor, drilling, and equipment rental for the development and/or establishment of the following on-farm water systems:
   a. On-farm ponds **50%**
   b. Subsurface aquifers and wells **75%**
   c. On-farm perennial springs **75%**
   d. Construction of small stream water basins **75%**
   e. Cisterns for farm usage **75%**
   f. Water hook-up to city/county water lines for farm usage, including water meters **50%**
   g. Small water treatment facility to treat service water for livestock **75%**
   h. Aeration system **75%**
2. **Water Movement** – permanent or portable
   Includes materials, parts, equipment, contracted labor, drilling, and equipment rental for the development and/or establishment of the following on-farm water systems:
   a. Waterers, automatic waterers **50%**
   b. Piping, water lines **50%**
   c. Water storage tanks (above & below ground) **50%**
   d. Irrigation equipment **50%**
   e. Pumps, regulators **50%**
   f. Shut-off valves **50%**
   g. Gutters for water harvesting **50%**
   h. Other water delivery system equipment **50%**
3. **Environmental Stewardship** – Costs necessary for the installation of drainage systems for improved soil drainage (excludes motorized vehicles)
   a. Subsurface Drainage* – Tiling (including tile gates) **75%**
   b. Surface Drainage –
      i. Grassed waterways, including fescue and rock outlet, for prevention of erosion/run-off **75%**
      ii. Erosion control blanket **75%**
   c. Field-to-field stream crossing* **75%**
   d. Documented, hired labor **(this percentage will match the chosen project's percentage)**
   e. Contracted site preparation and equipment rental **(this percentage will match the chosen project's percentage)**

Exclusions:

- Eligible equipment does not include purchase of construction or drilling equipment.

***Note: Participants intending to use (*) cost-share item(s) who also participate in USDA programs should contact FSA to ensure compliance with Highly Erodible Land and Wetland Conservation Compliance, which is required for USDA program compliance. FSA will forward requests to NRCS for evaluation.**