

For: State and County Offices

Changes to 2009 and Future Years Permitted Flags

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A Background

The Food, Conservation, and Energy Act of 2008 eliminated the need for permitted entity designations under the 3-entity rule. However, the 3-entity rule provisions in 1-PL, Part 2, Section 9 are still applicable to certain conservation contracts. For conservation contracts under 1-PL provisions, permitted flags on the System 36 must be updated according to 2-PL.

Software has been provided for 2009 and future years to administer provisions in both 4-PL and 1-PL. Changes to permitted entity software are required to allow permitted designations for conservation contracts to which 1-PL provisions are applicable.

B Purpose

This notice:

- describes software changes made to 2009 and future year permitted flags
- provides guidance to County Offices for updating the joint operation and entity files for producers applying for conservation programs where 1-PL rules are applicable, such as CRP.

Disposal Date	Distribution
June 1, 2010 2-4-10	State Offices; State Offices relay to County Offices

Notice PL-205

2 General Information

A Background

Because of the different combination rules applicable under 1-PL and 4-PL provisions, software can no longer:

- automatically populate “C” permitted flags for individuals combined with an individual or entity
- validate permitted flags have been updated to only allow 3 permitted entity designations
- automatically suspend producers and members and populate “S” permitted flags.

Modifications have been made to allow “C” permitted flags to be entered by the user.

B Definitions

County Offices shall use the following definitions when implementing provisions of this notice.

Term	Definition
Control County	The County Office responsible for making payment limitation determinations for the producer.
Eligibility Recording County	The County Office designated as the county responsible for updating eligibility information in the web-based subsidiary eligibility system.
Combination Recording County	The County Office designated as the county responsible for updating a combination in the web-based combination system of 2 or more producers and/or members.
Multi-County Recording County	The County Office designated in the “Rc St & Cty” column of the Multi County Information section of MABDIG, or Subsidiary File Diagnostic Listing, for multi-county producers and members.

Note: These counties may **not** be the same county in all instances. County Offices shall ensure that they verify which county is responsible for each of these actions.

3 Permitted Designations

A “C” Permitted Flags

“C” permitted flags shall be manually updated in the permitted entity software for members when **both** of the following apply:

- entity is receiving payment for a conservation contract for which permitted entity provisions in 1-PL are applicable, such as CRP
- member is a direct member of a “Person” combination.

Note: Do **not** record a “C” flag if:

- producer or member is an indirect member of a combination
- the combination is required under 4-PL provisions for direct attribution.

See 2-PL for updating the permitted entity file for all other values.

B Verifying Permitted Entity Designations

Because system validations to automatically set the “C” flag and to suspend producers have been removed, County Offices are required to review payment limitation documentation to determine how designation flags should be updated in the system. This effort requires coordination between County Offices for producers and/or members that are multi-county.

For entities applying for benefits where 1-PL provisions are applicable, the control County Office for the producer shall review CCC-502’s, CCC-501B’s, and CCC-503’s for the producer and all members to determine how the permitted flags should be recorded in the system based on **both** of the following factors:

- direct member of a combination
- permitted entity designations on CCC-501B.

Note: Depending on the nature of the relationship between entities and members, there may be more than 1 control county involved in this process. Careful coordination is required for all counties when a producer or member has an interest in more than 1 operation to ensure that permitted flags are recorded properly for all farming operations applying for benefits in a program under 1-PL rules.

3 Permitted Designations (Continued)

C Updating Permitted Flags

Once the determination is made by the control county or counties, permitted entity flags shall be updated in the system according to this table.

FOR...	THEN permitted entity flags shall...
multi-county producers applying for benefits in a program under 1-PL rules, such as CRP	<ul style="list-style-type: none"> be updated by the multi-county recording county as listed in the multi-county section of the MABDIG not be updated in any other county where the producer participates. <p>Note: The multi-county recording county may not be the county responsible for administering CRP-1.</p>
single-county producers applying for benefits in a program under 1-PL rules, such as CRP	be updated by the county that administers the contract.

Reminder: Permitted flags shall only be updated for producers applying for benefits in a program where 1-PL rules are applicable, such as CRP.