

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

Payment Eligibility, Payment Limitation, and Average Adjusted Gross Income - Agricultural Act of 2014 5-PL	Amendment 2
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Approved by: Deputy Administrator, Farm Programs



Amendment Transmittal

A Reasons for Amendment

Subparagraph 15 A has been amended to:

- provide reference for determinations and certifications for payment eligibility (Exhibit 6)
- update actively engaged in farming and cash rent tenant provisions that apply to the recipients of 2014 price support LDP's and marketing loan gains on all covered and loan commodities.

Subparagraph 174 B has been amended to include price support marketing loan gains and LDP's as program payments and benefits that may be received with respect to State owned land under the public school exception.

The following subparagraphs have been amended to update the automated CCC-902:

- 196 C
- 198 C.

Subparagraph 229 C has been amended to remove the reference to direct payments under DCP and replace with program payments and benefits subject to payment limitation.

Subparagraph 291 B has been amended to:

- include the full name of the farm and conservation programs subject to the \$900,000 average AGI limitation
- remove the Voluntary Public Access and Habitat Incentive Program as subject to the compliance with the \$900,000 average AGI limitation.

Amendment Transmittal (Continued)

A Reasons for Amendment (Continued)

Subparagraph 294 A has been amended to include that a general partnership or joint venture is not considered to be a legal entity, such as a corporation, LLP, or LLC, for the application of the average AGI limitation provisions.

Subparagraph 295:

- D has been amended to update the effective FY year date of multi-year contracts and agreements from FY 2014 to FY 2015 and the application of the \$900,000 average AGI limitation
- E has been amended to correct that approval date of CRP contracts and the application of the provisions and forms.

Subparagraph 301:

- C has been amended to include that the AGI compliance values in a producer's eligibility file shall be updated according to the producer's certifications on CCC-941 as verified by the data returned from the IRS data
- F has been amended to include required actions of FSA personnel in response to the automatic updates of the AGI compliance values in producer web-eligibility files and periodic file mismatch and error reports.

Subparagraph:

- 305 A has been amended to include that a report will be completed to identify persons and legal entities that have requested program benefits subject to the average AGI limitation and have not completed or filed a valid AGI compliance certification for the applicable program year
- 305 C has been amended to update instructions to County Offices for persons and legal entities identified for FY 2014 and subsequent years.

Subparagraphs 311 B and C have been amended to update the example notification letters for AGI compliance to include the full names of both farm and conservation programs administered by FSA and NRCS, and that are subject to compliance with the \$900,000 average AGI limitation.

Amendment Transmittal (Continued)

A Reasons for Amendment (Continued)

Subparagraph 484:

- D has been amended to provide that the EYRT database has been updated to include the 2012 and 2013 EYR selections
- E has been amended to update instructions for State Offices and provide that various reports available in the EYRT shall be run periodically to check the completion status and results of 2009 through 2013 EYR's.

Note: The same revisions are being made in 4-PL, Part 8. Provisions in 4-PL are applicable to payment eligibility and payment limitation determinations made for 2009 through 2013 only.

Exhibit 5 has been amended to update the example to include revisions to the average AGI limitations, regulatory references, and payment limitation amounts applicable to disaster assistance programs.

Exhibit 6 has been added to provide determinations and certifications necessary for payment eligibility purposes for programs administered by FSA.

Exhibit 13 has been amended to include CCC-933 and CCC-941 AGI for compliance certifications.

Exhibit 14 has been amended to update the Memorandum of Agreement between NRCS, FSA, and CCC through September 30, 2014.

Exhibit 15 has been amended to update and provide:

- a completed IRS-3210, Document Transmittal
- instructions for completing IRS-3210.

Page Control Chart		
TC	Text	Exhibit
	2-1, 2-2	5, pages 1, 2
	4-3, 4-4	6, pages 1, 2 (add)
	4-7, 4-8	13, pages 1, 2
	4-77, 4-78	14, pages 1, 2
	4-87 through 4-110	pages 3, 4 (add)
	4-157, 4-158	page 5 (add)
	6-1 through 6-6	15, pages 1, 2
	6-15, 6-16	
	6-29 through 6-32	
	6-41, 6-42	
	6-49, 6-50	
	6-50.1, 6-50.2 (add)	
	6-51, 6-52	
	8-125, 8-126	

Part 2 General Provisions

Section 1 Program Availability

15 Applicable Programs

A General Applicability

[7 CFR 1400.1 (a) and (b)] This table provides the rules in this handbook that apply to *--USDA-administered programs. See Exhibits 5 and 6.--*

Program or Payment	Applicable Rules				
	Actively Engaged in Farming	Cash-Rent Tenant	Direct Attribution	Foreign Person	AGI
Conservation Programs					
CRP			X	X	X
ECP			X		X <u>1/</u>
EFRP			X		X <u>1/</u>
EQIP			X		X
Commodity Programs					
ARC and PLC	X	X	X	X	X
Cotton Transition	X	X	X	X	X
Disaster Assistance Programs					
ELAP			X		X
LFP			X		X
LIP			X		X
NAP			X		X
TAP			X		X
Price Support Programs					
LDP's	*--X	X	X	X	X
Loans				X	
MLG's	X	X--*	X	X	X
MPP				X	
Other Programs					
AMA			X		X
TAAF			X		X

Note: Foreign persons are ineligible for payment under certain programs. The procedure for these programs reference the definition of “foreign person” provided in Part 3. However, the foreign person rule, as provided in Part 3, **only** applies to the programs or payments listed in this table.

1/ Only for certain apportionments that specifically identify AGI as a requirement.

16 Specific Rules for CRP

A Applicability of this Handbook

The provisions in this handbook apply to participants with CRP-1's approved on or after October 1, 2013.

B Applicability of 1-PL and 4-PL

Persons and legal entities with CRP-1's that are **not** subject to the provisions of this handbook are subject to the provisions of both 1-PL and 4-PL.

17 Payment Limits and Rules

A Person or Legal Entity Payment Limitations

[7 CFR 1400.1] This table contains the annual payment limitations for a person or legal entity for programs that are subject to the provisions of this handbook.

Program Payment Type	Annual Limitation, Unless Otherwise Noted, 2014 Through 2018
Commodity and Price Support Programs	
ARC, PLC, LDP, and MLG payments for other than peanuts	\$125,000
ARC, PLC, LDP, and MLG payments for peanuts	\$125,000
Transition assistance for producers of upland cotton	\$40,000 <u>1/</u>
Conservation Programs	
AMA	\$50,000 <u>2/</u>
CRP annual rental payment and incentive payment	\$50,000 <u>3/</u>
CSP	\$200,000 <u>4/</u>
ECP (per disaster event)	\$200,000
EFRP (per disaster event)	\$500,000
EQIP	\$450,000 <u>5/</u>
Disaster Assistance Programs	
ELAP, LFP, LIP	\$125,000 <u>6/</u>
NAP	\$125,000
TAP	\$125,000
Other Programs	
TAAF	\$10,000

172 Minor Children**A Definition of Minor Child**

[7 CFR 1400.101] Minor child means a person who is **not** 18 years of age on or before *--June 1 of the current year.--*

June 1 of the applicable year shall be the date used for the determination of minor child.

Notes: Court action conferring majority on this person does **not** change this person's status as a minor child.

Person A's payments will continue to be attributed to his or her parent for the applicable crop year, program year, or FY even though the age of majority is reached during the year.

B Payments to a Minor Child

Payments issued to a minor child:

- are attributed to the parent or court-appointed person who is responsible for the child
- who is a beneficiary of a trust or heir of an estate, are attributed to the parent or court-appointed person who is responsible for the child.

Exception: If both parents are receiving program payments, the minor child payments will be attributed to the parent receiving the larger amount in program payments.

If a revocable trust, program payments will be attributed **only** to the grantor of the revocable trust.

172 Minor Children (Continued)

C Exception to Rule

Payments to a minor child will **not** be attributed to a parent or court-appointed person for payment limitation purposes if **both** of the following requirements are met:

- the minor child is a producer on a farm
- neither the minor child's parents nor court-appointed person has any interest in the minor child's farm or production from that farm.

D Exception Restrictions

Either of the following **must** be met for the minor child to remain under the exception in subparagraph C:

- the minor child meets **all** of the following:
 - has established and maintains a separate household from the parent or court-appointed person
 - personally carries out the farming activities in his or her operation
 - maintains a separate accounting for his or her farming operation
- the minor child meets **all** of the following:
 - does **not** live in the same household as his or her parents
 - is represented by a court-appointed person responsible for the minor child
 - has ownership of the farm vested in him or her.

174 States, Political Subdivisions, and Agencies**A Rule [7 CFR 1400.102]**

States, including agencies, divisions, or political subdivisions thereof, are ineligible for program payments, **except** as provided in subparagraph B.

B Exceptions to Rule

***--Exception 1:** ARC and PLC payments, price support MLG, and LDP's received with--* respect to land owned by the State and used to support public schools are authorized, but limited to \$500,000 annually.

Note: The term "public school" includes State universities.

***--Exception 2:** ARC and PLC payments, MLG and LDP's issued to States under--* Exception 1 are **not** limited if the State has a population of less than 1.5 million using the most recent U.S. Census Bureau data.

Note: For 2014 and future years, or until further notice, the States that meet the criteria are Alaska, Delaware, Hawaii, Maine, Montana, North Dakota, New Hampshire, Rhode Island, South Dakota, Vermont, and Wyoming.

C Written Verification

If the requirements in subparagraph B are met and the payments are **not** issued directly to a public school, written verification **must** be obtained from the State Board of Education, or other authorized official, that payments are used solely for the support of public schools.

174 States, Political Subdivisions, and Agencies (Continued)

D Action by Noncontrol County

Noncontrol County Offices shall follow this table for payments authorized according to subparagraph B, Exception 1, to a State producer.

Step	Action
1	<p>Notify State producers before the end of applicable signup that:</p> <ul style="list-style-type: none"> • State producers may agree to a method of disbursing program payments • a drawing will be conducted to select the payment order in which participating eligible State producers will receive program payments, if no alternative payment method is agreed upon by the State producers • State producers shall contact the control County Office by the end of signup to give the alternative payment method agreed upon by all affected parties, if applicable • the method used for selection will apply for ARC and PLC applications.
2	<p>Send the following to the control County Office for all eligible participating State producers and participating legal entities in which the State producer has an interest:</p> <ul style="list-style-type: none"> • ARC and PLC applications • CCC-902E's • CCC-941's.
3	<p>Notify affected producers of the results of the drawing conducted by the control County Office no later than 1 week after the drawing is held.</p> <p>Note: Notify the control County Office of any cancellations.</p>

196 Business File Equivalent of CCC-902I (Continued)

C Example of Automated CCC-902

Following is an example of the automated CCC-902.

*--

Date Submitted: 08/12/2014					Version Number: 1					
CCC-902 (3/28/2014)		U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation					Program Year 2014			
FARM OPERATING PLAN FOR PAYMENT ELIGIBILITY 2009 and Subsequent Program Years										
<small>For "actively engaged in farming" and other payment eligibility and limitation determinations.</small>										
<small>This form is to be completed by, or on behalf of, the individual or legal entity identified in Part A that is seeking benefits from the Farm Service Agency (FSA) under one or more programs that are subject to the regulations at 7 CFR Part 1400. This form collects farming and other information about the individual or legal entity that receives program benefits directly using the tax identification number identified in Part A. This form also collects information about the members of legal entities. Payment eligibility is based upon the contribution level of certain inputs to a farming operation such as land, capital, equipment, labor, and management. The information on this form will be used by FSA to determine payment eligibility and limitation of payments by direct attribution.</small>										
Part A - General Farming Operation Information										
Producer's Name IMA FARMER			Tax ID Number and ID Type (last 4 digits) XXXX S				Business Type Individual			
Part B - Capital Information Note: Do not include capital contributed by <i>members</i> of general partnerships or joint ventures. (applicable for all business types)										
Does the producer provide capital to this farming operation?									Yes	
What percent of capital is contributed by the producer to this farming operation from all sources?									100 %	
Indicate the source of all farming capital for the producer. (Check all that apply)										
<input checked="" type="checkbox"/> Non-borrowed capital			<input type="checkbox"/> Commercial loans/credit			<input type="checkbox"/> Other/Additional				
<input checked="" type="checkbox"/> FSA program payments			<input type="checkbox"/> Private Loans/credit							
Part C - Land Information (applicable for all business types)										
Does the producer contribute land to the farming operation?									Yes	
Does this farming operation own ANY land?									Yes	
State	Administrative County	Farm Serial Number	Tract Number	Farmland Acres	Cropland Acres	Farmland Acres Not Leased	Is any land leased to another producer?			
MS	Coahoma	1147	6686	320.0	304.2	320.0	No			
MS	Coahoma	4213	1270	59.0	49.2	59.0	No			
MS	Coahoma		1271	58.0	53.0	58.0	No			
MS	Coahoma		1272	78.0	64.0	78.0	No			
Does this farming operation lease land from another producer?									Yes	
State	Administrative County	Farm Serial Number	Tract Number	Name of Person Land is Leased From	Leased Acres	Type of Acres	Type of Lease	Crop Share	Interest in the Land is same as last year?	
MS	Coahoma	3975	1376	FARMER TRUST	60.0	Cropland	Share	67%	Yes	
MS	Coahoma	4212	1269	IMA FARMER SR	33.0	Cropland	Cash		Yes	
Does this farming operation lease land to another producer?									No	
Part D - Custom Services (applicable for all business types)										
Will custom services, such as harvesting, spraying, fertilization, tillage, seeding, etc., be utilized for this farming operation?									No	
Part E - Equipment Information Note: Do not include equipment contributed by <i>members</i> of general partnerships or joint ventures. (applicable for all business types)										
Does the producer provide equipment to this farming operation?									Yes	
What percent of the equipment does the producer contribute to this farming operation?									100 %	
Does the producer own any equipment contributed to this farming operation?									Yes	
What percentage of owned equipment does the producer contribute to this farming operation?									100 %	
Additional Information for Owned Equipment										
Does the producer lease any equipment contributed to this farming operation from another producer?									No	
Is any of the equipment contributed to this farming operation leased to another producer?									No	
Is there any additional equipment contributed to the farming operation?									No	
Part F - Labor Information (applicable for all business types)										
Does the producer provide labor to this farming operation?									Yes	
Does the producer contribute active personal labor to the farming operation?									Yes	
What is the estimated percentage of active personal labor?									100 %	
Is any of the labor contributed to the farming operation hired?									No	
Is there any additional labor contributed to the farming operation?									No	
Part G - Management Information (applicable for all business types)										
Does the producer provide management to this farming operation?									Yes	
Does the producer contribute active personal management to the farming operation?									Yes	

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196 Business File Equivalent of CCC-902I (Continued)

C Example of Automated CCC-902 (Continued)

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CCC-902 (Page 2)		Date Submitted: 08/12/2014	Version Number: 1
What is the estimated percent of active personal management contributed to the farming operation?		100	%
Types of Management Duties Performed Make all planting, harvesting, marketing and financial decisions			
Is any of the management contributed to the farming operation hired?		No	
Is there any additional management duties/activities contributed to the farming operation?		No	
Part H - Minor Information (only applicable for individuals)			
Will the producer be 18 years of age by June 1 of the current program year?		Yes	
Part I - Citizenship Information (only applicable for individuals)			
Is the producer a United States citizen or an alien lawfully admitted into the United States?		Yes	
Part J - Remarks			
Part K - Certification (applicable for individuals and entities)			
I certify that all the information entered on this document and any supporting documentation is true and correct. I understand furnishing incorrect information will result in forfeiture of payments and may result in the assessment of a penalty. I will timely provide written notification to the Farm Service Agency Committees of any changes in this farming operation. By signing this form, I acknowledge that:			
<ul style="list-style-type: none"> • all supporting documentation has been submitted as required • I have read and understand all definitions and requirements • all information contained on this form will be considered in effect continuously unless changes or revisions are submitted. • it is my responsibility to timely notify FSA in writing of any changes in the farming, ranching or forestry operation, or financial status that may affect these representations. • evidence such as tax records, certified public accountant's certification, or other documentation may be required to validate these representations and that I will take all necessary actions to provide such materials to FSA if requested. 			
Signature of Producer (by)	Title/Relationship of the Individual Signing in Representative Capacity	Date (MM-DD-YYYY)	
<p><small>The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a - as amended). The authority for requesting the information identified on this form is 7 CFR Part 1400, the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), the Food Security Act of 1985 (Pub. L. 99-198 - as amended), the Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246), and the Agricultural Act of 2014 (Pub. L. 113-79). The information will be used to identify the farm operating plan data needed to determine eligibility for program benefits.</small></p> <p><small>The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-2, Farm Records File (Automated). Providing the requested information is voluntary. However, failure to furnish the requested information will result in a determination of ineligibility for program benefits.</small></p> <p><small>This information collection is exempted from the Paperwork Reduction Act as specified in the Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246, Title 1, Subtitle F, Administration) and the Agricultural Act of 2014 (Pub. L. 113-79, Title 1, Subtitle F, Administration). The provisions of criminal and civil fraud, privacy, and other statutes may be applicable to the information provided.</small></p>			
<p><small>The U.S. Department of Agriculture (USDA) prohibits discrimination against its customers, employees, and applicants for employment on the basis of race, color, national origin, age, disability, sex, gender identity, religion, reprisal, and where applicable, political beliefs, marital status, familial or parental status, sexual orientation, or all or part of an individual's income is derived from any public assistance program, or protected genetic information in employment or in any program or activity conducted or funded by the Department. (Not all prohibited bases will apply to all programs and/or employment activities.) Persons with disabilities, who wish to file a program complaint, write to the address below or if you require alternative means of communication for program information (e.g., Braille, large print, audiotape, etc.) please contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). Individuals who are deaf, hard of hearing, or have speech disabilities and wish to file either an EEO or program complaint, please contact USDA through the Federal Relay Service at (800) 877-8339 or (800) 845-6136 (in Spanish). If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter by mail to U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov. USDA is an equal opportunity provider and employer.</small></p>			

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198 Business File Equivalent of CCC-902I Short Form (Continued)

B Farming Operation Summary Page

Following is an example of a Business File farming operation summary.

<p>Business File Menu Welcome: Bobbie Butler User Role: FSA Select Different Customer Record New Farm Operating Plan Manage Customer Individual General Contributions Capital Land Custom Services Equipment Labor Management Summary Other Remarks Submit Plan Summary Validations Record Signatures View 902</p>	<h2 style="background-color: #cccccc; padding: 5px;">Farming Operation Summary</h2>																																								
<p>CUSTOMER INFORMATION</p> <p>FARMING OPERATION: Ima Farmer BUSINESS TYPE: Individual</p>																																									
<p>General Information</p> <p>U.S. citizen or resident alien? Yes Is 18 years of age or older? Yes</p>																																									
<p>Capital Contributions</p> <p>Has capital contributions? Yes Capital contribution percentage from all sources: Sources of capital: <ul style="list-style-type: none"> • Non-borrowed capital </p>																																									
<p>Land Contributions</p> <p>Has land contributions? Yes</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>State</th> <th>County</th> <th>Farm No.</th> <th>Tract No.</th> <th>Owned</th> <th>Leased To</th> <th>Leased From</th> <th>Leased To/From</th> </tr> </thead> <tbody> <tr> <td>Mississippi</td> <td>Coahoma</td> <td>1147</td> <td>6686</td> <td style="text-align: center;">✓</td> <td style="text-align: center;">✓</td> <td></td> <td>Farmer LLC</td> </tr> <tr> <td>Mississippi</td> <td>Coahoma</td> <td>4213</td> <td>1270</td> <td style="text-align: center;">✓</td> <td style="text-align: center;">✓</td> <td></td> <td>Farmer Farms</td> </tr> <tr> <td>Mississippi</td> <td>Coahoma</td> <td>4213</td> <td>1271</td> <td style="text-align: center;">✓</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Mississippi</td> <td>Coahoma</td> <td>4213</td> <td>1272</td> <td style="text-align: center;">✓</td> <td></td> <td></td> <td></td> </tr> </tbody> </table>		State	County	Farm No.	Tract No.	Owned	Leased To	Leased From	Leased To/From	Mississippi	Coahoma	1147	6686	✓	✓		Farmer LLC	Mississippi	Coahoma	4213	1270	✓	✓		Farmer Farms	Mississippi	Coahoma	4213	1271	✓				Mississippi	Coahoma	4213	1272	✓			
State	County	Farm No.	Tract No.	Owned	Leased To	Leased From	Leased To/From																																		
Mississippi	Coahoma	1147	6686	✓	✓		Farmer LLC																																		
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Mississippi	Coahoma	4213	1271	✓																																					
Mississippi	Coahoma	4213	1272	✓																																					
<p>Custom Services</p> <p>Utilizes custom services? No</p>																																									
<p>Equipment Contributions</p> <p>Has equipment contributions? No</p>																																									
<p>Labor Contributions</p> <p>Has labor contributions? No</p>																																									
<p>Management Contributions</p> <p>Has management contributions? Yes Active personal management? Yes Active personal management contribution percentage: 100% Type of active personal management duties: Hired management? No Additional management? No</p>																																									

198 Business File Equivalent of CCC-902I Short Form (Continued)

C Example of Automated CCC-902

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*--

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For "actively engaged in farming" and other payment eligibility and limitation determinations.									
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Part A - General Farming Operation Information									
Producer's Name IMA FARMER			Tax ID Number and ID Type (last 4 digits) XXXX S				Business Type Individual		
Part B - Capital Information Note: Do not include capital contributed by <i>members</i> of general partnerships or joint ventures. (applicable for all business types)									
Does the producer provide capital to this farming operation?								Yes	
What percent of capital is contributed by the producer to this farming operation from all sources?								100 %	
Indicate the source of all farming capital for the producer. (Check all that apply)									
<input checked="" type="checkbox"/> Non-borrowed capital			<input type="checkbox"/> Commercial loans/credit			<input type="checkbox"/> Other/Additional			
<input checked="" type="checkbox"/> FSA program payments			<input type="checkbox"/> Private Loans/credit						
Part C - Land Information (applicable for all business types)									
Does the producer contribute land to the farming operation?								Yes	
Does this farming operation own ANY land?								Yes	
State	Administrative County	Farm Serial Number	Tract Number	Farmland Acres	Cropland Acres	Farmland Acres Not Leased	Is any land leased to another producer?		
MS	Coahoma	1147	6686	320.0	304.2	320.0	No		
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Does this farming operation lease land from another producer?								Yes	
State	Administrative County	Farm Serial Number	Tract Number	Name of Person Land is Leased From	Leased Acres	Type of Acres	Type of Lease	Crop Share	Interest in the Land is same as last year?
MS	Coahoma	3975	1376	FARMER TRUST	60.0	Cropland	Share	67%	Yes
MS	Coahoma	4212	1269	IMA FARMER SR	33.0	Cropland	Cash		Yes
Does this farming operation lease land to another producer?								No	
Part D - Custom Services (applicable for all business types)									
Will custom services, such as harvesting, spraying, fertilization, tillage, seeding, etc., be utilized for this farming operation?								No	
Part E - Equipment Information Note: Do not include equipment contributed by <i>members</i> of general partnerships or joint ventures. (applicable for all business types)									
Does the producer provide equipment to this farming operation?								Yes	
What percent of the equipment does the producer contribute to this farming operation?								100 %	
Does the producer own any equipment contributed to this farming operation?								Yes	
What percentage of owned equipment does the producer contribute to this farming operation?								100 %	
Additional Information for Owned Equipment									
Does the producer lease any equipment contributed to this farming operation from another producer?								No	
Is any of the equipment contributed to this farming operation leased to another producer?								No	
Is there any additional equipment contributed to the farming operation?								No	
Part F - Labor Information (applicable for all business types)									
Does the producer provide labor to this farming operation?								Yes	
Does the producer contribute active personal labor to the farming operation?								Yes	
What is the estimated percentage of active personal labor?								100 %	
Is any of the labor contributed to the farming operation hired?								No	
Is there any additional labor contributed to the farming operation?								No	
Part G - Management Information (applicable for all business types)									
Does the producer provide management to this farming operation?								Yes	
Does the producer contribute active personal management to the farming operation?								Yes	

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198 Business File Equivalent of CCC-902I Short Form (Continued)

C Example of Automated CCC-902 (Continued)

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CCC-902 (Page 2)		Date Submitted: 08/12/2014	Version Number: 1
What is the estimated percent of active personal management contributed to the farming operation?		100	%
Types of Management Duties Performed Make all planting, harvesting, marketing and financial decisions			
Is any of the management contributed to the farming operation hired?		No	
Is there any additional management duties/activities contributed to the farming operation?		No	
Part H - Minor Information (only applicable for individuals)			
Will the producer be 18 years of age by June 1 of the current program year?		Yes	
Part I - Citizenship Information (only applicable for individuals)			
Is the producer a United States citizen or an alien lawfully admitted into the United States?		Yes	
Part J - Remarks			
Part K - Certification (applicable for individuals and entities)			
I certify that all the information entered on this document and any supporting documentation is true and correct. I understand furnishing incorrect information will result in forfeiture of payments and may result in the assessment of a penalty. I will timely provide written notification to the Farm Service Agency Committees of any changes in this farming operation. By signing this form, I acknowledge that:			
<ul style="list-style-type: none"> • all supporting documentation has been submitted as required • I have read and understand all definitions and requirements • all information contained on this form will be considered in effect continuously unless changes or revisions are submitted. • it is my responsibility to timely notify FSA in writing of any changes in the farming, ranching or forestry operation, or financial status that may affect these representations. • evidence such as tax records, certified public accountant's certification, or other documentation may be required to validate these representations and that I will take all necessary actions to provide such materials to FSA if requested. 			
Signature of Producer (by)	Title/Relationship of the Individual Signing in Representative Capacity	Date (MM-DD-YYYY)	
<p><small>The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a - as amended). The authority for requesting the information identified on this form is 7 CFR Part 1400, the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), the Food Security Act of 1985 (Pub. L. 99-198 - as amended), the Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246), and the Agricultural Act of 2014 (Pub. L. 113-79). The information will be used to identify the farm operating plan data needed to determine eligibility for program benefits.</small></p> <p><small>The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-2, Farm Records File (Automated). Providing the requested information is voluntary. However, failure to furnish the requested information will result in a determination of ineligibility for program benefits.</small></p> <p><small>This information collection is exempted from the Paperwork Reduction Act as specified in the Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246, Title 1, Subtitle F, Administration) and the Agricultural Act of 2014 (Pub. L. 113-79, Title 1, Subtitle F, Administration). The provisions of criminal and civil fraud, privacy, and other statutes may be applicable to the information provided.</small></p>			
<p><small>The U.S. Department of Agriculture (USDA) prohibits discrimination against its customers, employees, and applicants for employment on the basis of race, color, national origin, age, disability, sex, gender identity, religion, reprisal, and where applicable, political beliefs, marital status, familial or parental status, sexual orientation, or all or part of an individual's income is derived from any public assistance program, or protected genetic information in employment or in any program or activity conducted or funded by the Department. (Not all prohibited bases will apply to all programs and/or employment activities.) Persons with disabilities, who wish to file a program complaint, write to the address below or if you require alternative means of communication for program information (e.g., Braille, large print, audiotape, etc.) please contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). Individuals who are deaf, hard of hearing, or have speech disabilities and wish to file either an EEO or program complaint, please contact USDA through the Federal Relay Service at (800) 877-8339 or (800) 845-6136 (in Spanish). If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascz.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter by mail to U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov. USDA is an equal opportunity provider and employer.</small></p>			

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198 Business File Equivalent of CCC-902I Short Form (Continued)

D Comparison of Manual CCC-902I Short Form and Automated CCC-902

This table compares the parts and features of the manual CCC-902I Short Form and the automated CCC-902.

Item or Contribution	CCC-902I Short Form	Automated CCC-902	Explanation of Differences
Name, Address, TIN	Part A	Part A	CCC-902I Short Form - manual entries.
Citizenship Status	Part B	Part I	
Minor Child Status	Part B	Part H	
Other Farming Interests	Part B		Automated CCC-902 - SCIMS records. CCC-902I Short Form - manual entries. Automated CCC-902 - this information will not be recorded in the collection process.
Land	Part C	Part C	CCC-902I Short Form - manual entries by farm number, cropland acres only. Automated CCC-902 - information sourced from farm records; entries by farm number, tract number, cropland and farmland acres; percentage of division not needed for share leases.
Capital	Part C	Part B	Both forms - manual entries. Automated CCC-902 - entry for percentage of total contribution.
Equipment	Part C	Part E	Both forms - manual entries. Automated CCC-902 - entry about leasing to another producer.
Labor	Part D	Part F	Both forms - entries for percentage contribution. Automated CCC-902 - no entry for hours provided.
Management	Part E	Part G	Both forms - entries for percentage contribution.
Custom Services	Part C	Part D	Both forms - same or similar entries.
Certification	Part F	Part K	Both forms - same entries and requirements.

199-210 (Reserved)

229 Eligibility Determinations

A Actively Engaged in Farming

[7 CFR 1400.204] A corporation, LLC, LLP, or LP shall be considered to be actively engaged in farming, if **all** of the requirements in this table are met.

Item	Requirement
1	The legal entity independently and separately makes a significant contribution of capital, equipment, land, or combination thereof.
2	Partners, stockholders, or members with an ownership interest in the legal entity make contributions, whether compensated or not compensated, of active personal labor, active personal management, or a combination of active personal labor and active personal management to the farming operation.
3	The collective contribution of active personal labor or active personal management by partners, stockholders, or members is a significant contribution to the farming operation.
4	The legal entity’s share of the profits or losses from the farming operation is commensurate with the contributions to the farming operation.
5	The legal entity’s contributions are at risk, with the level of risk being commensurate with the legal entity’s claimed share of the farming operation.

B Member Contribution Requirements

In addition to the requirements of actively engaged in farming, all partners, stockholders, or members with an ownership interest in the legal entity **must** make contributions of active personal labor and/or active personal management to the farming operation of the legal entity that are:

- performed on a regular basis
- identifiable and documentable
- separate and distinct from contributions of any other partner, stockholder, or member.

Note: If a partner, stockholder, or member fails to meet this requirement, payments subject to the actively engaged in farming determination will be reduced by the share held by that partner, stock, or member.

229 Eligibility Determinations (Continued)

C Exceptions to Member Contribution Requirements

The following are exceptions to the requirements of subparagraph B.

***--Payments less than 1 limitation** – If the total of program payments and benefits subject to payment limitation received, both directly and indirectly, for the program year by the--* partners, stockholders, and members does **not** exceed \$125,000, the requirement of a significant contribution of active personal labor or active personal management may be met by partners, stockholders, or members who collectively hold at least 50 percent of the ownership interest in the legal entity.

Spouses – If both spouses are interest holders in the same legal entity, the contribution of active personal labor and/or active personal management of 1 spouse to the farming operation of the legal entity will also meet the other spouse's requirement to make a contribution of active personal labor and/or active personal management to the farming operation of the legal entity.

Minor children – If a parent is an interest holder in a legal entity in which his or her minor children are also interest holders, the parent's contribution of active personal labor and/or active personal management to the legal entity's farming operation will also meet the requirement that each minor child **must** make a contribution of active personal labor and/or active personal management to the same farming operation.

Spouses and minor children – If both spouses and minor children are in the same legal entity, the contributions of 1 spouse/parent of active personal labor and/or active personal management to the legal entity's farming operation will meet the requirements that all these interest holders of the legal entity **must** contribute active personal labor and/or active personal management to the legal entity's farming operation.

Note: Contributors of active personal labor and/or active personal management to a legal entity's farming operation **must** hold an ownership interest in the legal entity at the time the contributions are made.

Landowner – If all land in the legal entity's farming operation is owned by the legal entity, the requirements of subparagraph A do **not** apply to the interest holders of the legal entity.

D Separate and Distinct Contributions of Labor

If a partner, stockholder, or member provides active personal labor to the entity's farming operation that is performed on a regular basis, and that is identifiable and documentable, that partner, stockholder, or member will be considered to have met the requirements of a separate and distinct contribution of labor to the entity's farming operation.

Part 6 Adjusted Gross Income (AGI)

291 Average AGI Limitation

A Rule

[7 CFR 1400.500] A person or legal entity shall **not** be eligible to receive certain program payments and benefits beginning with the 2014 crop year, program year, or FY, unless otherwise noted, if the average AGI exceeds the specified amount.

B AGI Limitation

The \$900,000 average AGI limitation applies as follows.

*--

IF average AGI exceeds...	THEN the person or legal entity is ineligible for payments and benefits under the following...
<p>\$900,000</p> <p>Note: Average AGI or comparable measure, of the person or legal entity over the 3 taxable years preceding the most immediately preceding complete taxable year, for which payments or benefits are requested. Exclude any years for which the person or legal entity did not have taxable income.</p>	<p>for:</p> <ul style="list-style-type: none"> • October 1, 2011, and subsequent years: <ul style="list-style-type: none"> • ELAP • LFP • LIP • TAP • 2014 and subsequent years, NAP • 2014 through 2018: <ul style="list-style-type: none"> • AMA • ARC • LDP • MLG • PLC • 2014 and 2015 only, transition assistance for producers of upland cotton • 2015 and subsequent years: <ul style="list-style-type: none"> • Agricultural Conservation Easement Program • Conservation of Private Grazing Land Program • CSP • CRP • EQUIP • Farmable Wetland Program • Grassroots Source Water Protection Program • Regional Conservation Partnership Program.

--*

292 Applying Average AGI Limitations

A Programs and Benefits

[7 CFR 1400.500 (c)] Effective for FY's 2014 through 2018, and other years as may be noted, programs and benefits subject to the average AGI limitation provision include the following:

- ARC
- ELAP
- LDP
- LFP
- LIP
- NAP
- PLC
- TAAF
- TAP.

Effective for FY's 2015 through 2018, conservation programs as specified under the following:

- Agricultural Act of 2014, Title II
- Food, Conservation, and Energy Act of 2008, Title I
- Food Security Act of 1985, Title XII.

292 Applying Average AGI Limitations (Continued)**A Programs and Benefits (Continued)**

The average AGI limitation provision includes all benefits, cost-share payments, easements, and rental payments under programs such as:

- AMA
- AWEP
- CRP
- CSP
- EQIP
- any other program this provision is made applicable by statute and regulation.

B Average AGI Limitation Provision Exemptions

The following are **exempt** from the average AGI limitation provision:

- States, counties, political subdivisions, and agencies thereof
- Federally recognized Indian Tribes
- CRP-1's and other multi-year agreements approved and effective **before** October 1, 2008
- payments to vendors for technical services or assistance provided along with programs made applicable by statute or regulation
- payments to an escrow agent or other in similar capacity that is maintaining temporary custody with eventual disbursement to the eligible recipient.

293 AGI Definitions and Determinations**A Definition of AGI**

[7 CFR 1400.501] AGI means, for a:

- person, the amount reported to IRS on the appropriate tax filing documents as AGI
- legal entity, the comparable measure according to this handbook.

B Definition of Average AGI for a Person or Legal Entity

Average AGI for a person or legal entity means the average AGI, or comparable measure, of the individual or entity over the 3 taxable years preceding the most immediately preceding complete taxable year for which benefits are requested.

Note: Exclude any years that the person or legal entity did not have taxable income. In this context, the term “taxable income” includes having \$0 of taxable income on IRS Form 1040, line 43 because of tax exemptions and tax deductions. The term “taxable income” for average AGI purposes is used in determining whether or not the person or legal entity had any income upon which a tax filing was required; not whether there was a tax liability level of income.

294 Average AGI Compliance Certification

A Required AGI Compliance Certifications for Payment Eligibility

AGI compliance certifications (CCC-941) are required for payment eligibility for **all**:

- persons
- legal entities
- interest holders in a legal entity, including embedded entities to the fourth level of ownership interest, regardless of the level of interest held
- members of a general partnership or joint venture, regardless of the number of members
- Indians and Native Americans represented by BIA.

***--Note:** A general partnership or joint venture is not considered to be a legal entity, such as a corporation, LLP, or LLC, for the application of the average AGI limitation provisions.--*

B Certifying Compliance

To comply with the AGI requirement for the applicable crop, program, or FY, a person or legal entity **must** provide either of the following:

- CCC-941 applicable to the year that program benefits are requested
- a statement from a CPA or attorney that the average AGI does **not** exceed the applicable limitation and agreement with all requirements of information disclosure. See subparagraph D and F for the examples of acceptable statements.

Note: In all cases, CCC-941, items 1 through 4 and 6 through 8, **must** be completed and **signed by the person or legal entity subject to AGI compliance** for consent to disclosure of tax information.

294 Average AGI Compliance Certification (Continued)**C Statements From CPA or Attorney**

Statements certifying AGI compliance on behalf of a person or legal entity will only be accepted from licensed CPA's or attorneys and **must** include the following:

- CPA's or attorney's license number
- explanation for the reasons for the statement (subparagraph D)
- acknowledgement of having reviewed and agrees to:
 - average AGI limitations, definitions, programs involved, and compliance requirements in 7 CFR Part 1400 regulations
 - CPA or attorney has made inquiries and understands the tax years used to calculate the average AGI for applicable years
 - the representations made in the statement may be relied on by the Government to allow program benefits to be retained or received and that a false certification can result in sanctions including criminal sanctions for persons associated with the false representations
 - additional information may be requested by USDA, a review may be conducted by USDA, and further inquiry may be made to IRS to assure that all information filed with USDA by all parties is true, correct, and completed
- relevant information on the most recently filed tax returns for the period in question

295 Rules for Special Cases (Continued)

D Succession-in-Interest

The average AGI limitations, according to this part, do **not** apply to multi-year contracts; such as CRP-1's that were effective **before** October 1, 2013. The average AGI provisions in this part were **not** part of the original contract or agreement when executed.

If succession occurs to a multi-year contract or agreement that was effective:

- **before** FY 2014, the successors **will not** be subject to AGI provisions in this part on the multi-year contract or agreement
- ***--**for FY 2015 or subsequent years, the successors **will** be subject to AGI provisions on the multi-year contract or agreement.

Note: See Exhibit 13 for the applicable payment eligibility/limitation rules and forms required for CRP.

E Which AGI Rule Applies to CRP Contracts and Conservation Multi-Year Agreements

This table provides guidance on which:

- payment limitation and rules apply to CRP contracts and conservation multi-year agreements
- AGI certification form must be filed at the time of contract approval.

Note: Follow subparagraph 294 C to determine which business types are required to file AGI certifications.

Original Contact Approved →	Before May 13, 2002				On or After May 13, 2002 and Before Oct. 1, 2008	On or After Oct. 1 2008	Oct. 1, 2013 Through Sept. 30, 2014 (FY 2014)	On or After Oct. 1, 2014
	No	Yes	No	Yes				
Rex Extended	No		Yes					
Contract Extended in 2009	No	Yes	No	Yes				
AGI Rule and AGI Limitation Amount	Not Subject to AGI Provisions	4-PL \$1 mil nonfarm	1-PL \$2.5 mil	4-PL \$1 mil nonfarm	1-PL \$2.5 mil	4-PL \$1 mil nonfarm	Not subject to AGI Provisions	5-PL \$900,000
Required Form		CCC-931	CCC-526 or CCC-526C	CCC-931	CCC-526 or CCC-526C	CCC-931 CCC-933 CCC-931C		CCC-941

--*

Note: For CRP continuous contracts approved between May 13, 2002, and September 30, 2002, that were effective for program year 2002, AGI provisions are **not** applicable. See 2-CRP, subparagraph 131 A for additional information. CCC-926 may have been used and was acceptable before CCC-931 was made available.

295 Rules for Special Cases (Continued)

F AGI Requirements for Producers Associated With Original Contracts

Follow this table to determine the requirements for filing an AGI certification form for producers.

Note: See the table in subparagraph E to determine which AGI certification form should be filed.

If the producer is an entity or joint operation, all members with an ownership share are required to file the applicable AGI certification if the entity/joint operation is required to file the certification.

IF the producer's share is...	AND the producer is...	THEN the AGI certification is...
0 percent		not required.
greater than 0 percent	<ul style="list-style-type: none"> • an individual • entity without members 	required for the producer.
	<ul style="list-style-type: none"> • joint operation • entity with members 	required for: <ul style="list-style-type: none"> • the producer, except for a joint operation • each member with an ownership share greater than 0 percent.

301 Disclosing Information**A Written Consent for IRS to Disclose Information**

The average AGI verification process begins with FSA's referral of the person's or legal entity's AGI certification and written consent to IRS to:

- use tax information on file
- disclose certain tax-related information to CCC/FSA for AGI compliance verification purposes.

B Consent From an Individual

CCC-941 is to be used by an individual with a Social Security number that is either of the following:

- a program participant
- a member of a legal entity that is a program participant.

C Consent From a Legal Entity

CCC-941 is to be used by a legal entity with EIN that is either of the following:

- a program participant
- a member of another legal entity that is a program participant.

Note: CCC-941 must be submitted under the same name and TIN as used for tax filing purposes.

Example: A revocable trust identified by the grantor's Social Security number must submit CCC-941 for an individual with the grantor's name. The name of the revocable *--trust shall **not** be included on CCC-941. The AGI compliance values in the revocable trust's Producer Eligibility file shall be updated according to the grantor's certifications on **CCC-941** as verified by IRS.--*

301 Disclosing Information (Continued)

D Time Period of Consent for Disclosure

Selection of the 2011 or subsequent program year applies to persons or legal entities:

- in programs subject to compliance with the \$900,000 average AGI limitation for the 2011 or subsequent year
- who filed CCC-941 with an acceptable statement from CPA or attorney for the appropriate years' average AGI compliance and information disclosure.

Note: Persons or legal entities are to indicate only the year for which program payments are requested.

E Validity of Written Consent

Consent for the disclosure of tax information is valid only if received by IRS within 120 calendar days of the signature date affixed on CCC-941.

F Privacy and Confidentiality Safeguards

Follow the actions described in the following table to safeguard the privacy and confidentiality of the information provided by the program participants.

IF the person or legal entity is required to...	THEN FSA personnel are required to...
complete CCC-941, as: <ul style="list-style-type: none"> • an individual • a legal entity • a member of a legal entity or joint operation 	<ul style="list-style-type: none"> • accept all CCC-941's for program participants • review CCC-941's for: <ul style="list-style-type: none"> • complete name • correct address • TIN • year selection • signature and related authorities • signature date.

301 Disclosing Information (Continued)

F Privacy and Confidentiality Safeguards (Continued)

IF the person or legal entity is required to...	THEN FSA personnel are required to...
<p>provide or mail completed CCC-941's directly to the FSA County Office or Service Center at the address specified on CCC-941</p>	<p>for all CCC-941's accepted from participants and determined:</p> <ul style="list-style-type: none"> • incorrect or incomplete: <ul style="list-style-type: none"> • return CCC-941 to the participants • assist the participants to correctly complete CCC-941 • correct: <ul style="list-style-type: none"> • date stamp with current receive date • make and retain a copy of CCC-941's for producer eligibility files • collect and bundle in groups of 100 or less all CCC-941's accepted as correct • complete and include 2 copies of IRS-3210 • send bundles by USPS on a regular basis to IRS at the address specified on IRS-3210
<p>coordinate the annual filing of CCC-941 with the filing of an application or a request for payments and benefits under all programs subject to the average AGI limitations</p>	<p>Notes: If receipts total more than 100 per workweek, group and mail more than once weekly.</p> <p>See Exhibit 15 for an example of a completed IRS-3210.</p> <ul style="list-style-type: none"> • USPS First-Class mail exception applies.
	<p>*--according to 3-PL (Rev. 1):</p> <ul style="list-style-type: none"> • observe eligibility updates that occur periodically • take corrective actions as required from mismatch and error reports.--*

Note: A completed CCC-941 must be received by IRS within 120 calendar days of the signature date affixed by the person or legal entity for the consent to disclosure of tax information to be considered valid.

301 Disclosing Information (Continued)**G CCC-941 Availability**

Blank CCC-941's will be available:

- to all participants' programs subject to compliance with the \$900,000 AGI limitation
- online at <http://intranet.fsa.usda.gov>
- at each FSA Service Center.

H Incomplete or Illegible CCC-941's

All CCC-941's received and considered unacceptable by IRS will:

- be returned to the FSA Service Center's address listed on CCC-941
- include a letter of explanation
- include the requirement to submit a new, completed CCC-941.

FSA Service Center personnel will contact the person or legal entity to:

- explain the reasons for rejection
- assist the person or legal entity in correctly completing and submitting to FSA a correct CCC-941.

Note: See Exhibit:

- 16 for the IRS letter of explanation
- 17 for explanation of IRS rejection message and recommended FSA actions.

I Failure to Submit Completed CCC-941's

Persons or legal entities that choose **not** to submit a completed CCC-941 will be:

- determined noncompliant with the \$900,000 AGI limitations for the applicable crop year, program year, and FY's
- determined ineligible for program benefits for the year that benefits were requested
- required to refund **all** payments received under the programs, subject to the average \$900,000 AGI limitation received for the applicable year.

305 Reconciliation Process of Participants and CCC-941's

A Reconciliation Report

*--A report will be completed to identify persons or legal entities who have:

- requested program payments subject to the \$900,000 AGI limitation for the year specified, and
- not completed and filed CCC-941.--*

Note: County Offices and NRCS will be provided access or a copy of this report.

B Participants Identified

The recording County Office will provide written notice to persons and legal entities identified on the report in subparagraph A that contains the following:

- the requirement to timely complete and submit the enclosed CCC-941 to maintain payment eligibility for the applicable year
- instruction to indicate the program year, as appropriate
- that completed CCC-941's:
 - are to be mailed to the recording County Office at the return address provided on CCC-941
 - **must** be mailed within 30 calendar days from the date of receipt of the letter
- where and how to obtain additional CCC-941's, if needed.

Note: For an example letter, see subparagraph 311 B.

305 Reconciliation Process of Participants and CCC-941's (Continued)**C Persons and Legal Entities Identified for 2014 and Subsequent Years**

For 2014 and subsequent crop, program, and FY's, County Offices are instructed to:

* * *

- periodically run the County Eligibility Report for AGI according to 3-PL (Rev. 1), subparagraph 306 I
- select field, "**Not Filed**" to generate a list of every individual and legal entity in the web-based eligibility system, "AGI" section that has not filed CCC-941 for the applicable year, payment eligibility purposes.

For all persons and legal entities identified through the County Eligibility Report for 2014 and subsequent years, follow instructions in subparagraph B.

Note: CCC-941 may be used for average AGI compliance certification and consent to disclosure for a year before 2014, but **only** for the \$900,000 AGI limitation amount. See subparagraph 291 B.

D Notification Exceptions

If CCC-941 was rejected by the IRS for the selected reason of, "No record found on Master file. No return filed for years checked using this TIN/SSN", then:

- do not send a written notification according to subparagraph B
- consider this individual or legal entity as compliant with the average AGI limitations for the current program year
- retain a copy of the IRS rejection letter with the returned CCC-941 in the individual's or legal entity's eligibility file.

311 Example Letters for AGI Compliance

A Example Letters

Use the example letters in subparagraphs B through G as guides when notifying individuals and legal entities of average AGI limitation requirements or determinations.

B Example of Letter When CCC-941 Is Required

The following is an example of a notification letter for a person or legal entity when CCC-941 is needed.

*--

<p><i>(Date)</i></p> <p>Person or legal entity <i>Address 1</i> <i>Address 2</i></p> <p>Dear Person or Legal entity:</p> <p>The Agricultural Act of 2014 (2014 Farm Bill) provides an average adjusted gross income (AGI) limitation of \$900,000 for participants in farm and conservation programs administered by the Farm Service Agency and the Natural Resources Conservation Service. This limitation applies to individuals, legal entities, as well as to members of legal entities, that receive payments from farm and conservation programs that include the following.</p> <p>For October 1, 2011, and subsequent years:</p> <ul style="list-style-type: none"> • Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish (ELAP) • Livestock Forage Assistance Program (LFP) • Livestock Indemnity Program (LIP) • Tree Assistance Program (TAP). <p>For 2014-2015 only:</p> <ul style="list-style-type: none"> • Transition Assistance for Producers of Upland Cotton (CTAP). <p>For 2014-2018:</p> <ul style="list-style-type: none"> • Price Loss Coverage (PRC) • Agricultural Risk Coverage (ARC) • Noninsured Crop Disaster Assistance Program (NAP) • Price Support including Market Loan Gain (MLG) and Loan Deficiency Payment (LDP) • Agricultural Marketing Assistance (AMA). <p>For 2015-2018:</p> <ul style="list-style-type: none"> • Conservation Reserve Program (CRP) • Environmental Quality Incentive Program (EQIP) • Conservation Stewardship Program (CSP) • Agricultural Conservation Easement Program (ACEP) • Conservation of Private Grazing Land Program • Farmable Wetland Program • Grassroots Source Water Protection Program • Regional Conservation Partnership Program (RCPP) and other conservation programs. <p>Completing form CCC-941, Average Adjusted Gross Income (AGI) Certification and Consent to Disclosure of Tax Information, allows the IRS to average your AGI for the three applicable tax years to provide FSA information on whether your average appears to meet or exceed the AGI limitation amount. Individuals, legal entities, and all members of legal entities must complete form CCC-941.</p>
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311 Example Letters for AGI Compliance (Continued)

B Example of Letter When CCC-941 Is Required (Continued)

*--

«Name»
Page 2

As of the date of this letter, the records indicate that you have not submitted the **required** form CCC-941. Accordingly, you are determined ineligible for [insert 2014, 2015, 2016, 2017, and/or 2018, as appropriate] farm and/or conservation program benefits. A refund is required of [insert 2014, 2015, 2016, 2017, and/or 2018, as appropriate] farm and/or conservation program payment benefits received. You and/or any legal entity you may have indirect payment interest in will be notified by separate letters from the administrative Agencies of FSA and NRCS, as appropriate, of refund amounts required.

If you believe that FSA has not properly determined the facts of this case regarding your **AGI ineligibility**, you may appeal this determination to the FSA County Committee by filing a written request no later than 30 calendar days after you receive this notice in accordance with the FSA appeal procedures found at 7 CFR Part 780. If you choose, your appeal can include submission of a completed CCC-941. If you appeal to the FSA County Committee, you have the right to an informal hearing which you or your representative may attend either personally or by telephone. If you appeal this determination to the FSA County Committee, you may later appeal an adverse determination of the FSA County Committee to the FSA State Committee or the National Appeals Division. To appeal, write to the FSA County Committee at the following address and explain why you believe this determination is erroneous.

(Insert COC address.)

If you do not timely file an appeal of this determination, this shall be the final administrative determination with respect to this matter in accordance with regulations at 7 CFR Part 780.

Sincerely,

County Executive Director
FSA County Office

--*

311 Example Letters for AGI Compliance (Continued)

C Example With an Attachment Letter for Requesting Additional Information

The following is an example notification letter where indications are average AGI exceeded the limitation and additional information is requested for FSA review. This example letter is followed by an attachment.

*--

[Date]

[Address Block]

Dear [Name]:

The Agricultural Act of 2014 (2014 Farm Bill) provides an average adjusted gross income (AGI) limitation for participants who enroll in farm and conservation programs administered by the Farm Service Agency and the Natural Resources Conservation Service. This limitation applies to individuals, legal entities, as well as to members of legal entities, that receive farm and conservation program payments.

The Farm Service Agency (FSA) and Internal Revenue Service (IRS) formed a partnership to ensure that only those participants who comply with AGI requirements receive farm and conservation program benefits. This data-sharing process maintains the confidentiality and privacy of tax return information while providing FSA information necessary to verify your average AGI certification.

You provided written consent allowing the IRS to average your AGI for the applicable tax years and to provide FSA information about whether or not your AGI exceeds the limitation amount.

The information received from the IRS indicates that for [*insert applicable program year 2014 through 2018*] program payment eligibility purposes, your average AGI may exceed the \$900,000 AGI limitation applicable to the receipt of payments and benefits under one or more of the following programs:

For October 1, 2011, and subsequent years:

- Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish (ELAP)
- Livestock Forage Assistance Program (LFP)
- Livestock Indemnity Program (LIP)
- Tree Assistance Program (TAP)

For 2014-2015 only:

- Transition Assistance for Producers of Upland Cotton (CTAP)

For 2014-2018:

- Price Loss Coverage (PRC)
- Agricultural Risk Coverage (ARC)
- Noninsured Crop Disaster Assistance Program (NAP)
- Price Support including Market Loan Gain (MLG) and Loan Deficiency Payment (LDP)
- Agricultural Marketing Assistance (AMA)

For 2015-2018:

- Conservation Reserve Program (CRP)
- Environmental Quality Incentive Program (EQIP)
- Conservation Stewardship Program (CSP)
- Agricultural Conservation Easement Program (ACEP)
- Conservation of Private Grazing Land Program
- Farmable Wetland Program
- Grassroots Source Water Protection Program
- Regional Conservation Partnership Program (RCPP) and other conservation programs.

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311 Example Letters for AGI Compliance (Continued)

C Example With an Attachment Letter for Requesting Additional Information (Continued)

*--

«Name»

Page 2

Additional information is needed to assist FSA's review. Please provide **one** of the following:

- a signed statement from a CPA or an attorney that verifies your average AGI did not exceed the applicable AGI limitations;
- copies of the complete Federal tax returns that were filed with the IRS for the years [*insert applicable tax years*]; or
- a signed acknowledgement that your income exceeded the limitations, if your [*insert applicable program year 2014 through 2018*] certification was in error.

[*Optional:*

Note: *A cursory review of your application history indicates that you may not have applied for any benefit or payment that would be impacted by the AGI limitation. Accordingly, you may have no payments or benefits directly or indirectly impacted by our finding that you appear to have income in excess of the aforementioned AGI limitation. You may choose not to respond to this notification and your file will be updated to reflect you as ineligible with the aforementioned AGI limitation. Please note that the AGI compliance review is performed separately from any review of payments that you may or may not seek or have sought and only you know for certain whether or not you have sought or will seek payments directly or indirectly under any of the aforementioned programs. Still, if you have not made any application or sought benefits and do not believe you will seek benefits subject to the aforementioned AGI limitation, you can choose not to respond to this letter.]*

If copies of Federal tax returns are provided, FSA will evaluate the information and re-calculate the average AGI. FSA will provide written notice of the results of this review.

If your average AGI exceeded the applicable limits because you filed a joint tax return, but you would have been eligible if you had filed separately, you may provide a CPA or attorney statement certifying that your income, if you had filed separately, would have been within the AGI limits. If a CPA or attorney certification is not provided, the AGI shown on your joint tax return will be considered your AGI for Farm Service Agency and/or Natural Resources Conservation Service program purposes, as applicable.

If a signed statement from a CPA or attorney is provided, the statement **must** include all of the items as shown in the sample letter.

A sample letter with instructions are enclosed for your CPA or attorney's reference. [*Enclose sample notification letters as shown in subparagraphs 294 D or 294 F, as appropriate.*]

To avoid any delay or interruption in program payments and benefits, please provide all requested information to FSA within 30 days of the date of this letter. Information should be mailed to:

[*Insert State Office Address.*]

Failure to timely respond to this notice will result in a determination of ineligibility for all [*insert applicable program year 2014 through 2018*] program benefits. Please be assured that all information provided will be held strictly confidential. If you have questions or concerns, please contact [*insert State Office contact number for AGI*].

Thank you for your cooperation.

Sincerely,

[*Name*]

State Executive Director

Enclosures

--*

311 Example Letters for AGI Compliance (Continued)

D Example of Initial Letter Notifying Participant of Ineligibility

The following is an example initial decision letter advising of ineligibility because of average AGI limitation noncompliance.

[Date]

[Address Block]

Dear [Name of Participant]:

The Farm Service Agency (FSA) recently wrote you requesting additional information so that FSA could complete its review of your payment eligibility under the average adjusted gross income (AGI) provisions. We have not received a response from you regarding our previous inquiries; therefore, FSA has determined that you exceed the AGI limitation for [enter specific AGI limitation exceeded and year].

As a result of this determination, you are ineligible for program payments subject to that limitation. A refund of program payments is, therefore, required. A separate letter will be sent with the required refund amount and instructions for submitting the refund.

If you believe that FSA has not properly considered the facts related to the determination of your eligibility under the AGI provisions, you have the following options:

Reconsideration of the State Executive Director

You may request that I reconsider this determination by filing a written request no later than 30 calendar days after you receive this notice according to FSA's appeal procedures found at 7 CFR Part 780. If you request reconsideration, you have the right to an informal hearing which you or your representative may attend either personally or by telephone. If you choose to seek reconsideration, you may later appeal the determination to the National Appeals Division. To request reconsideration, write to FSA at the following address and explain why you believe this determination is erroneous. The address is:

USDA – Farm Service Agency

Attention: AGI Limitation Review

[Enter address of the State Office for SED reconsideration.]

Section 5 EYRT System**484 Introduction****A Definition of EYRT**

EYRT means a web-based system:

- in which National, State, and County Office users can record all findings, recommendations, and conclusions from EYR's completed on selected farming operations for 2009 and subsequent years' payment eligibility and payment limitation compliance purposes
- that provides reporting and summarization capabilities for EYR findings, determinations, and related information recorded for the farming operations reviewed.

B EYRT Design

EYRT was designed for the following:

- recording and tracking, by participant/farming operation and program year, all EYR review findings, results, and determinations
- as source data for status reports on the completion and results of EYR's
- providing information to use when evaluating the application and the effectiveness of current payment eligibility and payment limitation provisions.

C Accessing EYRT and Versions Available

EYRT is accessible from the Payment Limitation EYR's Share Point site at https://fsa.sc.egov.usda.gov/mgr/dafp/PECD/PL_EYR/default.aspx.

484 Introduction (Continued)

D Content of EYRT Database

*--The EYRT, database has been populated with the following:

- 2009 through 2013 DAFP EYR selections
- additional selections as determined by State Offices.

E State Office Action

For the 2009 and subsequent EYR records, State Offices are encouraged to do the following:

- review the records for accuracy
- update the preloaded records, if necessary
- enter records for additional EYR selections made
- enter results as EYR's are completed
- periodically run various EYRT reports to check the status of review completion, and to track the results of 2009 through 2013 EYR's.--*

Payment Eligibility and Payment Limitations for Disaster Assistance Programs

This is an example of the payment eligibility and limitations for disaster assistance programs.

*--

Program	Years	Payment Eligibility		Annual Payment Limitation		Payment Limitation Control	
		Gross Revenue	AGI	Regulation	Amount	Regulation	Method
ECP	2008		\$2.5 million ^{1/}	7 CFR Part 701	\$200,000 per disaster	7 CFR Part 1400	“Person” as defined.
	2009-2013		\$1 million nonfarm			7 CFR Part 1400 as revised for 2009 forward.	Direct attribution to person or legal entity.
	2014 forward		\$900,000				
EFRP	2010-2013		\$1 million nonfarm	7 CFR Part 701	\$500,000 per disaster	7 CFR Part 1400 as revised for 2010 forward.	Direct attribution to person or legal entity.
	2014 forward		\$900,000				
ELAP and SURE	2008		\$2.5 million	7 CFR Part 1480	\$100,000 total for ELAP, SURE, LFP, and LIP	7 CFR Part 1400	“Person” as defined.
	2009 - 2011		\$500,000 Nonfarm AGI	7 CFR Part 1439		7 CFR Part 1400 as revised for 2009 forward.	Direct attribution to person or legal entity.
	2014 forward		\$900,000	7 CFR Part 1416		\$125,000	
LFP	2008		\$2.5 million	7 CFR Part 1439	\$100,000	7 CFR Part 1400	“Person” as defined.
	2009 - 2011		\$500,000 Nonfarm AGI			7 CFR Part 1400 as revised for 2009 forward.	Direct attribution to person or legal entity.
	2011 forward		\$900,000			7 CFR Part 1416	\$125,000
LIP	2008		\$2.5 million	7 CFR Part 1439	\$100,000	7 CFR Part 1400	“Person” as defined.
	2009 - 2011		\$500,000 Nonfarm AGI			7 CFR Part 1400 as revised for 2009 forward.	Direct attribution to person or legal entity.
	2011 forward		\$900,000			7 CFR Part 1416	\$125,000
NAP	2008	\$2 million		7 CFR Part 1437	\$100,000	7 CFR Part 1400	“Person” as defined.
	2009-2013		\$500,000 Nonfarm AGI			7 CFR Part 1400 as revised for 2009 forward.	Direct attribution to person or legal entity.
	2014 forward		\$900,000			\$125,000	
TAP	2008		\$2.5 million	7 CFR Part 783	\$100,000	7 CFR Part 1400	“Person” as defined.
	2009 - 2011		\$500,000 Nonfarm AGI			7 CFR Part 1400 as revised for 2009 forward.	Direct attribution to person or legal entity.
	2011 forward		\$900,000			7 CFR Part 1416	\$125,000

--*

^{1/} If applicable, see subparagraph 15 A.

***--Determinations and Certifications for Payment Eligibility Purposes**

Following are determinations and certifications for payment eligibility purposes.

Eligibility Determination/Certification	Annual Programs for Covered Commodities	Price Support Loans, Loan Deficiency and Market Gains	Conservation Reserve Program	Other Conservation Programs	Noninsured Crop Disaster Assistance	Livestock and Other Disaster Assistance
Actively engaged in farming (2014 farm bill; 5-PL) 2016-18	✓	✓				
Actively engaged in farming (2014 farm bill; 5-PL) 2014-15	✓	✓				
Actively engaged in farming (2008 farm bill; 4-PL)	✓					
Actively engaged in farming (2002 farm bill; 1-PL)	✓		✓			
Cash rent tenant (2014 farm bill; 5-PL) 2014-2018	✓	✓				
Person eligibility (2002 farm bill; 1-PL) (2003-2008)	✓		✓		✓	
Permitted entity (2002 farm bill; 1-PL) (2004-2008)	✓		✓			
Foreign person (2014 farm bill; 5-PL) 2014-2018	✓	✓	✓	✓	✓	
Adjusted gross income (2014 farm bill; 5-PL) 2015-2018	✓	✓		✓	✓	✓
Adjusted gross income (2014 farm bill; 5-PL) 2014	✓	✓			✓	✓
Adjusted gross income (2014 farm bill; 5-PL) 2011-2013						✓
Adjusted gross income (2008 farm bill; 4-PL) 2012-2013	✓					✓
Adjusted gross income (2008 farm bill; 4-PL) 2009-2013	✓	✓	✓	✓	✓	
Adjusted gross income (2002 farm bill; 1-PL) 2003-2008	✓	✓	✓	✓		✓
Conservation compliance (2014 farm bill; 6-CP) 2014-2018	✓	✓	✓	✓	✓	✓
Conservation compliance (pre-2014 farm bill; 6-CP) 2003-2013	✓	✓	✓	✓	✓	✓
Controlled substance (growing, cultivating) 1985-2018	✓	✓	✓	✓	✓	✓
Controlled substance (possession) 2003-2018 [1-CM (Rev.3)]	✓	✓	✓	✓	✓	✓
Delinquent Debt [58-FI (Rev. 9)]	✓	✓	✓	✓	✓	✓
Federal crop insurance (4-RM)	✓	✓	✓	✓	✓	✓
Fraud, including FCIC fraud (2008 farm bill; 4-PL) 2003-2018	✓	✓	✓	✓	✓	✓
Beginning farmer or rancher [1-CM (Rev.9)]	✓	✓	✓	✓	✓	✓
Socially disadvantaged farmer or rancher [1-CM (Rev.9)]	✓	✓	✓	✓	✓	✓
Limited resource farmer or rancher [1-CM (Rev.9)]	✓	✓	✓	✓	✓	✓

--*

Impact of Agricultural Act of 2014 on CRP-1 Payment Eligibility and Payment Limitation

Note: See subparagraph 295 E for forms required for AGI provisions.

Type of Action	Date Action Was Approved		Applicable Payment Eligibility/Limitation Rules	Forms	Example
	10/1/02 Through 9/30/08	10/1/08 or Later			
New CRP-1	✓		Based on original CRP-1 Approval Date: Person, actively engaged in farming, permitted entity.	CCC-501A CCC-501B CCC-502	COC approves original CRP-1 after October 1, 2002.
Succession-in-Interest (When CRP-1 was not subject to AGI before succession.)	✓	✓	Based on original CRP-1 Effective Date: Person, actively engaged in farming, permitted entity.	CCC-501A CCC-501B CCC-502	New producer succeeds to a 1999 CRP-1 approved July 1, 2004. According to 1-PL, AGI rules do not apply for CRP-1 with an effective date before October 1, 2002; therefore, AGI rules will not apply to the successor.
Succession-in-Interest (When CRP-1 was subject to AGI before succession.)	✓	✓	Based on the CRP-1 succession Effective Date: Person, actively engaged in farming, permitted entity.	CCC-501A CCC-501B CCC-502	New producer succeeds to a 2004 CRP-1, effective August 1, 2009. (1-PL rules apply for life of CRP-1 based on the original October 1, 2003, effective date.)
	Before 12/29/06				
REX Extension (When CRP-1 was not previously subject to AGI.)	✓		Based on CRP-1 Extended Period Start Date: Person, actively engaged in farming, permitted entity.	CCC-501A CCC-501B CCC-502	COC approves a 3-year extension to a 1997 CRP-1 on November 16, 2006. Effective date of the extension is October 1, 2007. (CRP-1F Addendum activates AGI from the CRP-1 extended period.)
REX Re-Enrollment (Created new CRP-1 subject to AGI.)	✓		Based on the reenrollment CRP-1 Approval Date: Person, actively engaged in farming, permitted entity.	CCC-501A CCC-501B CCC-502	COC approves a reenrollment (new CRP-1) for a 2000 CRP-1 on December 5, 2006. Effective date for the reenrollment is October 1, 2010. (1-PL rules will apply based on the approval date before October 1, 2008.)
New CRP-1		✓	Based on CRP-1 Approval Date: Direct Attribution.	CCC-901 CCC-902 <u>1</u> / CCC-931 *--CCC-933 CCC-941--*	COC approves original CRP-1 after October 1, 2008.
Succession-in-Interest (When CRP-1 was subject to 2008 Act AGI before succession.)		✓	Based on CRP-1 Approval Date: Direct Attribution.	CCC-901 CCC-902 <u>1</u> / CCC-931 CCC-931C	New producer succeeds to a 2009 CRP-1, effective August 1, 2011.

1 CCC-902 parts that are applicable according to subparagraph 44 D.

**Impact of Agricultural Act of 2014 on CRP-1 Payment Eligibility and Payment Limitation
(Continued)**

Type of Action	Applicable Payment Eligibility/Limitation Rules	Forms	Example
Action Approved 10/1/02 thru 9/30/08			
New CRP-1	Based on CRP-1 Effective Date: Person, actively engaged in farming, permitted entity.	CCC-501A CCC-501B CCC-502	New CRP-1 is approved September 10, 2008. New producer succeeds to a 1999 CRP-1, effective July 1, 2008.
Succession-in-Interest (When CRP-1 was not subject to AGI before succession.)	Based on the parent CRP-1 Effective Date: Person, actively engaged in farming, permitted entity.		
Succession-in-Interest (When CRP-1 was subject to AGI before succession.)	Based on the parent CRP-1 Effective Date: Person, actively engaged in farming, permitted entity.		New producer succeeds to a 2004 CRP-1, effective August 1, 2008.
REX Extension (When CRP-1 was not previously subject to AGI.)	Based on the Extended Period Start Date: Person, actively engaged in farming, permitted entity.		COC approves a 3-year extension to a 2000 CRP-1 on November 16, 2006. Effective date of the extension is October 1, 2010.
Re-Enrollment (New CRP-1 subject to AGI.)	Based on the reenrollment CRP-1 Approval Date: Person, actively engaged in farming, permitted entity.		COC approves a reenrollment (new CRP-1) on December 5, 2006. Effective date for the reenrollment is October 1, 2009.
Action Approved 10/1/08 or Later			
New CRP-1	Based on CRP-1 Approval Date: Direct Attribution.	CCC-901 CCC-902 <u>1/</u>	New CRP-1 is approved on December 12, 2009.
Succession-in-Interest (When CRP-1 was not subject to AGI before succession.)	Based on the original CRP-1 Approval Date: Person, actively engaged in farming, permitted entity.	CCC-501A CCC-501B CCC-502	New producer succeeds to a 2001 CRP-1, approved December 10, 2008.
Succession-in-Interest (When CRP-1 was subject to AGI before succession.) REX Extension during the extended period.	Based on CRP-1 Approval Date: Person, actively engaged in farming, permitted entity.	CCC-501A CCC-501B CCC-502	New producer succeeds to a 2006 CRP-1, approved June 10, 2009.
Succession-in-Interest (When CRP-1 was subject to 2008 Act AGI before succession.)	Based on CRP-1 Approval Date: Direct Attribution.	CCC-901 CCC-902 <u>1/</u> CCC-931 CCC-931C	New producer succeeds to a 2009 CRP-1 effective August 31, 2010.

1/ CCC-902 parts that are applicable according to subparagraph 44 D.

Memorandum of Agreement

*--The following is the Memorandum of Agreement between NRCS, FSA, and CCC for implementing common provisions, including payment eligibility and payment limitation provisions through September 30, 2014.

Memorandum of Agreement (MOA)

Between

Natural Resources Conservation Service (NRCS),

Farm Service Agency (FSA), and

Commodity Credit Corporation (CCC)

For the Implementation of Common Provisions, Including

Payment Eligibility and Payment Limitation Provisions

Through September 30, 2014

I. PURPOSE

The purpose of this (MOA) is to provide for the implementation, cooperation, expectations and responsibilities between FSA, NRCS, and CCC in administering provisions common to the agencies including all payment eligibility and payment limitation provisions as found in the Food, Security Act of 1985, as amended by the Agricultural Act of 2014, and regulations at 7 CFR Part 1400.

II GENERAL PROVISIONS

FSA and NRCS administer various farm commodity and conservation programs in which participants are subject to payment eligibility and payment limitation requirements in 7 CFR Part 1400. The administration of these programs requires the obtaining of information, determination of eligibility, and maintenance of this data. FSA has the administrative responsibilities for collecting and maintaining data that includes the name and address of the participant (SCIMS and farm records); information about the participant's farming operation (subsidiary files); and information on the participant's annual income (AGI files). FSA uses this information to make determinations of the participant's eligibility for program payments and restrictions on the amount of such payments that can be received by the participant, both directly and indirectly, for direct attribution. FSA has developed custom software applications for web-based environments to store the eligibility data of all participants. FSA maintains this data and ensures the credibility and accuracy of this data. FSA performs the administrative compliance duties of the payment eligibility requirements and determinations of all participants of record. As such, FSA has also entered into agreements with the IRS and the Social Security Administration to verify and validate the accuracy of the participant information. FSA provides this data and develops common eligibility routines for use by NRCS in the administration of conservation programs for which they have responsibility.

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Memorandum of Agreement (Continued)

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III AUTHORITY

This MOA is authorized by Title I of the Agricultural Act of 2014, Farm Security and Rural Investment Act of 2002 (2002 Act), Title I of the Food, Conservation, and Energy Act of 2008 (2008 Act), the American Taxpayer Relief Act of 2012, and Title XII of the Food Security Act of 1985 (1985 Act), as amended. Other authorities may also apply.

IV. RESPONSIBILITIES

A. FSA and CCC responsibilities:

1. In consultation with NRCS, develop and maintain rules, regulations, policies, and procedures that govern payment eligibility, payment limitation and average adjusted gross income (AGI) limitation requirements common to multiple programs administered by FSA and NRCS.
2. Annually publicize and provide information on all requirements of payment eligibility, payment limitation, and AGI limitations.
3. Provide leadership and guidance to all USDA agencies as needed on all payment eligibility, payment limitation and average AGI limitation issues.
4. Provide consultation regarding common policies and procedures between FSA and NRCS leadership.
5. Develop and maintain information collection processes necessary to obtain program participant information such as name and address; farming operation types and locations; legal entity types; farm and nonfarm income data as reported to the IRS for periods of at least three years (CCC-902; CCC-901; CCC-941; CCC-931; CCC-933; CCC-931C; CCC-526C; and, other forms and documents determined applicable).
6. Timely make determinations regarding the participant's eligibility for program benefits and the amounts that can be received annually.
7. Annually, or as otherwise applicable, obtain an acceptable certification of average AGI from all persons, legal entities, and members of legal entities for the appropriate reporting time period.
8. Develop common eligibility routines for use by FSA and NRCS. Significant changes to existing routines, or the addition of new routines, will be planned in conjunction with NRCS and with adequate testing time allowed prior to implementation.
9. Record determinations for payment eligibility and payment limitation purposes for immediate use by both FSA and NRCS in payment processing.
10. Timely provide written notice to program participants of the determinations made for payment eligibility and payment limitation purposes with rights to appeal if determinations are considered adverse.
11. Timely acknowledge appeals and administrative hearing proceedings on all appeals.

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Memorandum of Agreement (Continued)

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12. Maintain the administrative case files on appeal hearings with the National Appeals Division (NAD).
13. Respond to any further administrative proceedings as necessary with NAD for appeals, reconsiderations and reviews.
14. Develop software user requirements and technical specifications, program, test, implement, and maintain common software routines used by all agencies to determine eligibility, payment eligibility, payment limitation, and average AGI limitations. Maintain a software test environment as well as a software production environment.
15. Maintain FSA and NRCS customer records for Farm and Tract Eligibility (FTE), and Highly Erodible Land Conservation and Wetland Conservation (AD-1026).
16. Make available and allow secure access by NRCS software applications via web-services to the current data on all program participants that includes information recorded in SCIMS, farm tract records, entity files, subsidiary files and eligibility files as developed under regulations pertaining to FSA.
17. Make available to program participants the appropriate forms for Consent for IRS to disclose pertinent information to FSA for AGI limitation compliance purposes.
18. Process information and data returned from the IRS for participants that previously submitted valid consent forms to the IRS.
19. On a regular basis as data is returned from IRS, record and update eligibility files for participants with average AGI amounts below the threshold levels as verified with IRS data.
20. Notify participants that appear to have average AGI amounts above the threshold levels of the results of the IRS data analysis, and require all such participants to provide actual tax records or other acceptable documentation within 30 days to demonstrate that average AGI does not exceeds the established limits.
21. Revise business rules to not allow any payment activity or otherwise disable all eligibility files for participants that are notified that average AGI amounts have been determined to be above the applicable thresholds for payment eligibility.
22. Review tax data and other information provided by program participants with questionable AGI amounts and conclusively determine AGI compliance.
23. Notify participants subject to the AGI review the results of the evaluation and determination of AGI compliance for the applicable year or years reviewed.
24. Provide to NRCS a list of participants determined to be non-compliant with the average AGI limitations for appropriate actions.

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Memorandum of Agreement (Continued)

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25. Conduct regular reconciliation processes to identify participants that have received current year benefits, but have not been included on any data return from the IRS, which indicates a consent form has not been submitted.
 26. Provide to NRCS a list of participants identified as current year payment recipients, but have not provided a consent form to the IRS for appropriate follow-up actions.
- B. NRCS responsibilities:
1. Make available to program participants the appropriate forms needed for payment eligibility and payment limitation purposes.
 2. Make available to program participants the appropriate forms for Consent for IRS to disclose pertinent information to FSA for AGI limitation compliance purposes.
 3. Timely deliver to the local FSA office any forms and documentation completed for payment eligibility and payment limitation purposes by participants of NRCS-administered programs.
 4. Timely reimburse FSA and/or CCC no less than one-third of the annual cost that IRS will charge FSA/CCC for the average AGI validation process. Based on the estimated annual cost for FY 2014 of \$x,xxx,xxx, the reimbursable amount is \$xxx,xxx.

V. MISCELLANEOUS PROVISIONS

1. FSA, CCC and NRCS mutually agree to cooperate at all levels to ensure consistent implementation of all payment eligibility and payment limitation requirements applicable to all conservation programs.
2. It is mutually agreed that this Agreement is effective when signed by all parties and shall continue in full force and effect through September 30, 2014. This Agreement may be terminated at any time with thirty days notice by one party. Should this Agreement be terminated, billing will be submitted for services rendered prior to the date of termination for which payment has not been received. This Agreement may be modified by amendment duly executed by officials of FSA and NRCS. NRCS and FSA will enter annually into a National Level Reimbursement Agreement (Form AD-672) based on this interagency agreement and any amendments hereto.
3. Neither CCC, FSA, nor NRCS, shall assign or transfer any rights or obligations under this Agreement without prior written approval of the other party.
4. CCC, FSA and NRCS agree that, to the extent possible under applicable law, each party will be solely responsible for its own acts omissions, and the results thereof, and shall not be responsible for the results thereof caused by the acts or omissions of the other party.
5. The Deputy Administrator for Farm Programs, Farm Service Agency or the Deputy Administrator designee or successor, is delegated authority to carry out this Agreement for FSA and CCC, and, with the NRCS Chief, or designee, may further amend this Agreement consistent with the provisions of the 1985 Act, as amended, and the regulations at 7 CFR Part 1400. The provisions of this Agreement may only be modified by written agreement between the parties.

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Memorandum of Agreement (Continued)

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6. All parties to this MOA will comply fully with the information gathering provisions of section 1619 of the 2008 Act, the Privacy Act, the Freedom of Information Act, and any other related acts concerning privacy and the dissemination of records.

FARM SERVICE AGENCY/
COMMODITY CREDIT CORPORATION

NATURAL RESOURCES
CONSERVATION SERVICE



5/13/14
Date



Gayle N. Barry, Deputy Chief for Management
8-14
Date

--*

IRS-3210, Document Transmittal

A Example of IRS-3210

*--The following is an example of a completed IRS-3210, which is available in a fillable format at <http://intranet.fsa.usda.gov>. CLICK "FFAS Employee Forms/Publications Site" and CLICK "Find Current Forms Using Our Form Number Search". For "Form Number", ENTER "3210".

DOCUMENT TRANSMITTAL		TO: Internal Revenue Service - USDA P.O. Box 24033 Fresno, CA 93779	PAGE <u> 1 </u> OF <u> 1 </u>
DOCUMENT IDENTIFICATION			REMARKS: Date: 6/30/14
QUANTITY	TYPE		REC'D
	I	Joe Farmer	
	I	Jane Farmer	
	I	Jason Smith	
	E	Flatland Farms LLC.	
	E	Agnes Smith Trust	
	E	Jack C. Morgan Estate	
	E	Parker Family Organics Inc.	
	E	Parker Holdings LLC	
	E	Parker Enterprises	
	I	June Parker	
	I	Jesse Parker	
	E	Raccoon Valley Wildlife Preservation Society	
	E	Cody Smith Trust No. 3	
	E	Sand Hills Inc.	
	I	Arch Stanton	
	E	Wildcat Land and Cattle	
FROM: Johnson County FSA Office 1234 Front St. Someplace, TX 10101-9999		Releasing Official Henry B. Johnston, County Executive Director	Received and Verified
		Originator Telephone Number (111) 222-333	
FORM IRS-3210			

--*

IRS-3210, Document Transmittal (Continued)

***--B Instructions for Completing IRS-3210**

County Offices shall do the following:

- complete IRS-3210 according to the instructions and example provided
- submit **2 copies of completed IRS-3210** along with the AGI consent forms to IRS
- for multiple pages, number at the top right hand corner, such as Page 1 of 10 (etc.).

Complete IRS-3210 as follows.

- In the block, **DOCUMENTATION IDENTIFICATION**, enter “CCC-941, Average Adjusted Gross Income (AGI) Certification and Consent to Disclosure of Tax Information”.
- In the block **QUANTITY**, leave blank.
- In the block **TYPE**, enter “I” for an individual; or “E” for a legal entity.
- In **REC'D**, enter the name from each CCC-941 as it appears on the form.

Note: Group the CCC-941’s separately by year.

CED shall sign IRS-3210, certifying to the following:

- IRS-3210 was completed according to instructions
- each CCC-941 in the bundle has been listed individually
- all necessary actions were completed for CCC-941’s according to subparagraph 301 F.

Any additional documentation submitted **should only be what is required to support the consent form** such as Durable Power of Attorney or Letter of Testamentary. The documentation must be attached to the consent form.

Note: County Offices **shall retain a copy of the submitted CCC-941’s and IRS-3210’s**.

Receipt of IRS-3210 by the County Office will serve as validation that a consent form was accepted by IRS as submitted for that producer.--*