

For: State and County Offices

Payment Limitation and AGI Provisions for 3- or 5-Year CRP Contract Clarifications

Approved by: Deputy Administrator, Farm Programs



1 Overview

A Background

The Food, Conservation, and Energy Act of 2008 (2008 Act) made changes to payment eligibility, payment limitation, and AGI provisions for CRP participants with contracts approved beginning October 1, 2008.

Changes for CRP participants include the following:

- annual rental payments, practice incentive payments, signing incentive payments, and wetland restoration incentives are limited to \$50,000 both directly and indirectly to a person or legal entity by direct attribution
- AGI limitation is reduced to \$1 million average nonfarm AGI limitation
- permitted entity rules no longer apply.

Note: Notice CRP-634 provided policy for 3- or 5-year CRP contract modifications. Notice PL-195 provided policy for payment eligibility, payment limitation, and average AGI for CRP.

B Purpose

This notice clarifies payment limitation and AGI policy for 3- or 5-year CRP contract modifications.

Disposal Date	Distribution
January 1, 2010	State Offices; State Offices relay to County Offices and NRCS State Offices

Notice CRP-640

2 Payment Limitation and AGI Policy

A New Provisions

All 3- or 5-year CRP contract modifications are subject to new provisions of the 2008 Act. New provisions of the 2008 Act are as follows:

- \$50,000 annual payment limitation on CRP payments, both directly and indirectly to a person or legal entity
- \$1 million average nonfarm AGI limitation as provided in 4-PL.

B Notifying Participants

CRP participants who were provided a 3- or 5-year extension must be informed of the new provisions that apply to the approved CRP-1F Addendum. See Exhibits 1 and 2 for applicable letters.

C CRP-1F Addendum Report

Two reports listing approved and pending CRP-1F Addendums and the letters in Exhibits 1 and 2 will be electronically delivered to the State Office. The reports provide the following to verify all participants receive the proper letter:

- county
- contract number
- acres
- farm number
- signup number
- year
- 3- or 5-year offer data.

County Offices shall review the reports to ensure that all eligible participants receive the appropriate letter. An example of a report is provided in Exhibit 3.

Notice CRP-640

3 CRP-1F Addendum Letter

A Approved CRP-1F Addendum

County Offices shall send a letter (Exhibit 1) to producers who have an approved CRP-1F Addendum informing them of the following:

- new provisions for payment limitation and AGI apply
- requirement for filing the following:
 - CCC-901 if a legal entity
 - CCC-926, or authorized statement, for AGI compliance certification
- if they do **not** agree to the new provisions, they may terminate CRP-1F Addendum without liquidated damages.

B CRP-1F Addendum Not Approved

County Offices shall send a letter (Exhibit 2) to producers who do **not** have an approved CRP-1F Addendum informing them of the following:

- new provisions for payment limitation and AGI apply
- requirement for filing the following:
 - CCC-901 if a legal entity
 - CCC-926, or authorized statement, for AGI compliance certification
- if they do **not** agree to the new provisions, they may withdraw their offer to modify the CRP contract.

4 Action

A State Office Action

State Offices shall:

- provide the reports and letters to County Offices
- ensure that County Offices follow the contents of this notice.

B County Office Action

County Offices shall follow the contents of this notice.

Letter to CRP Participants With Approved CRP Contract



United States
Department of
Agriculture

Farm and Foreign
Agricultural
Services

Farm Service
Agency

My County Farm
Service Agency
1234 Main Street,
Suite 3
County Seat, ST
12345-6789

Roger Jones
1 Rancher Road
County Seat, ST 12345

01/123
Contract 1000

Dear **Roger Jones:**

The purpose of this letter is to inform you of new payment limitation and average adjusted gross income (AGI) policy applicable to your 3- or 5-year CRP contract modification and the requirement for filing applicable payment limitation and AGI compliance certifications.

The Food, Conservation, and Energy Act of 2008 (2008 Act) made changes to payment eligibility, payment limitation, and AGI provisions for CRP participants with contracts approved beginning October 1, 2008. All 3- or 5-year CRP contract modifications are subject to the new provisions of the 2008 Act.

Generally, these changes affect CRP annual rental payments, Practice Incentive Payments (PIP's), Signing Incentive Payments (SIP's), and Wetland Restoration Incentive (WRI) payments limiting payments to \$50,000 both directly and indirectly to a person or entity by direct attribution. Additionally, AGI limitation is reduced from \$2.5 million to \$1 million average gross nonfarm income limitation.

On _____ (Month day, year) the county committee approved your offer to modify your CRP contract for an additional 3- or 5-years. Payments cannot be made for this CRP extension until the following forms are completed:

- CCC-901, Members Information 2009 and Subsequent Years, if a legal entity
- CCC-926, Average Adjusted Gross Income (AGI) Statement, or authorized statement.

If you do not agree to provide the new provisions, you may terminate the CRP contract without liquidated damages.

If you have any additional questions, please contact the County Office.

Sincerely,

Fanny Mae Smith
County Executive Director

USDA is an Equal Opportunity Employer and Provider

Letter to CRP Participants With No Approved CRP Contract



United States
Department of
Agriculture

Farm and Foreign
Agricultural
Services

Farm Service
Agency

My County Farm
Service Agency
1234 Main Street,
Suite 3
County Seat, ST
12345-6789

Roger Jones
1 Rancher Road
County Seat, ST 12345

01/123
Contract 1000

Dear **Roger Jones**:

The purpose of this letter is to inform you of new payment limitation and average adjusted gross income (AGI) policy applicable to your 3- or 5-year CRP contract modification and the requirement for filing applicable payment limitation and AGI compliance certifications.

The Food, Conservation, and Energy Act of 2008, (2008 Act) made changes to payment eligibility, payment limitation, and AGI provisions for CRP participants with contracts approved beginning October 1, 2008. All 3- or 5-year CRP contract modifications are subject to the new provisions of the 2008 Act.

Generally, these changes affect CRP annual rental payments, Practice Incentive Payments (PIP's), Signing Incentive Payments (SIP's), and Wetland Restoration Incentive (WRI) payments limiting payments to \$50,000 both directly and indirectly to a person or entity by direct attribution. Additionally, AGI limitation is reduced from \$2.5 million to \$1 million average gross nonfarm income limitation.

Payments cannot be made for this CRP extension until the following forms are completed:

- CCC-901, Members Information 2009 and Subsequent Years, if a legal entity
- CCC-926, Average Adjusted Gross Income (AGI) Statement, or authorized statement.

If you do not agree to provide the new provisions, you may withdraw your offer to modify your CRP contract without penalty.

If you have any additional questions, please contact the County Office.

Sincerely,

Fanny Mae Smith
County Executive Director

USDA is an Equal Opportunity Employer and Provider

CRP 2009 Extensions – Offers Not Extended

CRP 2009 Extensions - Offers Not Extended*- A signed CRP 1-F has not been received -*

State	County	Contract	Acres	Farm	Signup	Year	Offer
Alabama							
	Barbour	0395A	35	0004381	15	1998	3-yr
	Barbour	0618A	48.6	0003761	18	2000	5-yr
	Bullock	0261C	3	0002131	18	2000	5-yr
	Bullock	0265D	26.7	0002152	18	2000	5-yr
	Bullock	0265E	26.7	0002172	18	2000	5-yr
	Butler	0126	16.9	0000650	15	1998	3-yr
	Chambers	0066	21.5	0001521	15	1998	3-yr
	Chambers	0067	31	0001521	15	1998	3-yr
	Chambers	0089A	18	0000543	15	1998	3-yr
	Chambers	0099A	60.8	0003772	15	1998	3-yr
	Choctaw	0024	11.7	0001716	15	1998	3-yr
	Choctaw	0034	25.5	0001080	18	2000	5-yr
	Coffee	0813B	3	0005284	18	2000	5-yr
	Coffee	0833A	16.4	0005471	18	2000	5-yr
	Coffee	0833B	17.9	0005524	18	2000	5-yr
	Coffee	0833C	8.2	0005525	18	2000	5-yr
	Coffee	0837B	14.2	0005632	18	2000	5-yr
	Coffee	0841	26.3	0004123	18	2000	5-yr
	Coffee	0855	27.3	0004295	18	2000	5-yr
	Conecuh	0457	48.8	0003309	18	2000	5-yr
	Conecuh	0459A	18	0003520	18	2000	5-yr
	Conecuh	0478A	13.5	0003396	18	2000	5-yr
	Conecuh	0478B	64	0003396	18	2000	5-yr
	Conecuh	0481	66.4	0003396	18	2000	5-yr
	Covington	1177	20.4	0004022	18	2000	5-yr
	Crenshaw	0508A	118.9	0004753	18	2000	5-yr
	Crenshaw	0514	34.5	0004765	18	2000	5-yr
	Crenshaw	0570A	5	0004840	18	2000	5-yr
	Cullman	0306	7.2	0006686	18	2000	5-yr
	Cullman	0307	216	0002558	18	2000	5-yr
	Cullman	0309	1	0009281	18	2000	5-yr
	Dale	0160	20.6	0001739	15	1998	3-yr
	Dallas	0569	77.5	0002759	15	1998	3-yr
	Dallas	0641B	60.5	0003194	18	2000	5-yr
	DeKalb	0499	47	0008976	18	2000	5-yr
	DeKalb	0506	2.5	0010622	18	2000	5-yr
	Escambia	0229	20.9	0001762	18	2000	5-yr
	Fayette	0293	54.5	0000910	18	2000	5-yr
	Fayette	0303A	42.1	0003194	18	2000	5-yr

Wednesday, August 26, 2009

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