

For: State and County Offices

**Payment Eligibility and Payment Limitation Provisions for
the Environmental Quality Incentives Program (EQIP)**

Approved by: Deputy Administrator, Farm Programs



1 Overview

A Background

The Farm Security and Rural Investment Act of 2002 provided that payments received under EQIP are limited through attribution to the individual or entity rather than on a “person” basis. In addition, the payment limitation applies to the total amount received for 2002 through 2007.

A Memorandum of Understanding (MOU) between FSA and NRCS for FY 2003 includes certain responsibilities for EQIP implementation. Included in the MOU was FSA’s role in certain payment eligibility and payment limitation functions.

B Purpose

This notice provides information and guidance on:

- the payment limitation applicable to EQIP payments
- control of the payments by attribution
- the payment eligibility requirements for EQIP
- information collection for EQIP payment eligibility.

Disposal Date	Distribution
September 1, 2003	State Offices; State Offices relay to County Offices

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2 Requirements and Instructions

A Payment Limitation for EQIP Payments

An individual or entity may not receive, directly or indirectly, cost-share or incentive payments in the aggregate that exceed \$450,000 for all contracts entered into by the individual or entity during the period of FY's 2002 through 2007 regardless of the number of contracts entered into by the individual or entity.

B Payment Limitation by Attribution

Under attribution, the payment limitation is applied by crediting individuals and entities with both the amount of payments they receive directly and also the amount they are considered to have received indirectly by holding an interest in an entity receiving payments.

For EQIP, an individual or entity is limited to receipt of \$450,000 earned through the interests held in all contracts entered into during FY's 2002 through 2007.

Example: Don Jones farms as an individual and also holds interests in Jones Farms Inc., of which he is sole stockholder, and Jones Family LLC, of which he holds 60 percent interest.

Don Jones entered into an EQIP contract effective for 2003 through 2006 and received \$100,000 in both cost-share and incentive payments.

Jones Farms Inc. entered into an EQIP contract effective for 2005 through 2007 and received \$200,000 in both cost-share and incentive payments.

Jones Family LLC entered into an EQIP contract effective for 2004 through 2007 and received \$200,000 in both cost-share and incentive payments.

Through attribution, Don Jones will be credited with a total of \$420,000 toward the \$450,000 limitation effective for EQIP. (Don, as an individual, \$100,000; as 100 percent stockholder of Jones Farms Inc., \$200,000; and as 60 percent interest holder in Jones Family LLC, \$120,000).

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2 Requirements and Instructions (Continued)

C Adjusted Gross Income Limitation (AGI)

Participants receiving EQIP benefits must comply with the average AGI limitation beginning with FY 2003.

Follow 1-PL, Part 6.5, to accept certifications of AGI compliance for EQIP participants, both the individuals and entities.

The certification of AGI compliance of the EQIP participants will be effective for the term of the approved EQIP contract.

D Information Collection

If CCC-502 is not already on file for the EQIP applicant, obtain the applicable CCC-502 for any joint operation or entity requesting EQIP payments. CCC-502 is not required for an individual requesting EQIP benefits.

If CCC-502 is obtained only for participation in EQIP:

- completion of items for contributions of capital, equipment, labor, management, and “person status” are not required

Note: CCC-501 A is required for all CCC-502 B's, CCC-502 C's, and CCC-502 D's.

- designate “EQIP Purposes Only” in the Remarks section
- enter on Payment Limitation Review Register according to 1-PL, Part 5.