

For: State and County Offices

Payment Eligibility, Payment Limitation, and Average AGI Provisions for Participants in CRP

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A Background

The Food, Conservation, and Energy Act of 2008 made changes to the payment eligibility, payment limitation, and average AGI requirements for the participants in the commodity and conservation programs. Specifically for the participants in CRP:

- annual payments are limited to \$50,000, both directly and indirectly, to a person or legal entity by direct attribution
- permitted entity rules no longer apply
- the average AGI limitation is now a \$1 million average gross nonfarm income limitation.

In addition, the payment eligibility requirements of “actively engaged in farming” and the cash rent tenant rule are no longer applicable for participation in CRP for contracts approved **after** September 30, 2008.

B Purpose

This notice

- provides information and instructions on the application of these provisions to:
 - existing CRP contracts
 - new CRP contracts approved **after** September 30, 2008
 - successions to existing CRP contracts
 - extensions of existing CRP contracts
- obsoletes Notice PL-194 to correct information in subparagraph 3 B.

Disposal Date	Distribution
August 1, 2010	State Offices; State Offices relay to County Offices

Notice PL-195

2 Application of PE, PL, and AGI requirements for CRP Participants

A Rule Applicability

Determine rule applicability according to the following.

IF the participant is on, or a successor to, a CRP contract...	THEN the following provisions apply to eligibility for payment under that contract...
approved before October 1, 2008	<ul style="list-style-type: none"> • all 1-PL provisions, including “person,” “actively engaged in farming”, and permitted entity designations • \$50,000 payment limitation on annual rental payments per “person” • \$2.5 million average AGI limitation for contracts approved after September 30, 2002. <p>Note: There is one \$50,000 limitation applicable to all CRP contracts regardless of when the contract was approved. However, the amount of payments received directly and indirectly under contracts approved before October 1, 2008, may exceed \$50,000 as the result of permitted entity designations.</p>
approved after September 30, 2008, including extensions to CRP contracts approved after September 30, 2008, regardless of the original CRP contract approval date	<ul style="list-style-type: none"> • \$50,000 payment limitation on annual payments received, either directly or indirectly, by the person or legal entity as provided in 4-PL • \$1 million average nonfarm AGI limitation as provided in 4-PL. <p>Note: The amounts received, both directly and indirectly by a person or legal entity under CRP contracts approved before October 1, 2008, shall be used when determining whether the payment limitation has been reached.</p>

Notice PL-195

3 Required Forms and Documentation

A New CRP Contracts Approved After September 30, 2008

For participants on new CRP contracts, obtain the following before approval of the contract:

- CCC-901 if a legal entity
- CCC-926, or authorized statement, for AGI compliance certification
- AD-1026 according to 6-CP for conservation compliance
- any other supporting information deemed necessary by COC for the determinations of eligibility.

B CRP Contract Successions

For participants that become successors-in-interest to existing CRP contracts approved October 1, 2002, through September 30, 2008, obtain the following if not already on file:

- CCC-501A and CCC-501B, if an entity, for member information and permitted entity designation purposes
- CCC-502 for “person” actively engaged in farming, cash rent tenant determinations
- CCC-526C, or authorized statement, for average AGI compliance certification
- AD-1026 for conservation compliance
- any other supporting information deemed necessary by COC for the determinations of eligibility.

For participants that become successor-in-interest to existing CRP contracts approved **after** September 30, 2008, obtain the following if not already on file:

- CCC-901 if a legal entity
- CCC-926, or authorized statement, for AGI compliance certification
- AD-1026 for conservation compliance
- any other supporting documentation deemed necessary by COC for the determinations of eligibility.

Notice PL-195

3 Required Forms and Documentation (Continued)

C CRP Contract Extensions

For participants on extended CRP contracts, obtain the following if not already on file:

- CCC-901 if a legal entity
- CCC-926, or authorized statement, for AGI compliance certification
- AD-1026 for conservation compliance.

4 Action

A State and County Office Action

State and County Offices shall immediately apply the contents of this notice