Resource Enhancement and Protection Program

Guidelines

Fiscal Year 2015-2016

(July 1, 2015 – June 30, 2016)

State Conservation Commission
2301 North Cameron Street
Harrisburg, PA 17110

Phone: (717) 787-8821
Fax: (717) 705-3778
www.pda.state.pa.us/REAP

Resource Enhancement and Protection (REAP) Program Guidelines
FY 2015-16

Introduction

- Act 55 of 2007 created the Resource Enhancement and Protection Program (REAP). REAP allows farmers and businesses to earn Pennsylvania state tax credits in exchange for implementing "Best Management Practices" (BMPs) on agricultural operations that will enhance farm production and protect natural resources. All terms defined in Act 55 and used throughout these guidelines may be found in Attachment 9.
- The program is administered by the State Conservation Commission (Commission) and the tax credits will be granted by the Pennsylvania Department of Revenue.
- Any individual or business who is subject to taxation by the Commonwealth of Pennsylvania under the following state taxes is eligible to participate in REAP: Personal Income Tax, Corporate Net Income Tax, Capital Stock and Franchise Tax, Bank Shares Tax, Title Insurance Company Tax, Insurance Premiums Tax, and Mutual Thrift Institutions Tax.
- Eligible applicants may receive either 50% or 75% of project costs as state tax credits for up to $150,000 per agricultural operation. The amount of tax credit available to a recipient is dependent on the type of BMP implemented. See Attachment 1 for a list of REAP Eligible BMPs.
- Please note the Commission has interpreted the $150,000.00 funding limitations of this program with regards to entities with significantly similar organizational structures or which utilize substantially common management or production resources. These entities will be considered a single "agricultural operation" for purposes of REAP tax credits. For additional information, please see Attachment 10.

Program Requirements for Conservation, Agricultural E&S, Nutrient and Manure Management Plans

1. An agricultural operation that is an applicant for the REAP Tax Credit Program for agricultural BMP or equipment must first have in place the following:

A) A current conservation plan or agricultural E&S plan for all acres plowed and/or tilled that are under their management controlled (owned or rented or leased or utilized) in the year that they are applying for REAP Tax Credits. The applicant must be on-schedule for full implementation of the plan; and

B) A current nutrient management plan or manure management plan (as required by law) for all acres under their management control <u>if</u> they generate and or utilize manure and or other organic sources of plant nutrients (e.g. biosolids) in the program year that they are applying for REAP Tax Credits. The applicant must be on-schedule for full implementation of the plan.

2. If you do not have a current conservation plan or current agricultural E&S plan on an agricultural operation for all acres plowed and tilled in the program year that you are applying, and/or a current nutrient management or manure management plan (as required by law), then you must first apply for (and only apply for) REAP Tax Credits for these planning related activities before applying for tax credits for any other REAP eligible BMP or REAP eligible equipment.

3. If you are an agricultural operation and you have any animal concentration areas on any portion of the agricultural operation under your management control, then you must first implement all best management practices necessary to abate storm water runoff, loss of sediment, loss of nutrients, and runoff of other pollutants from these animal concentration areas before applying for any tax credits for

any other eligible BMP or equipment (other than planning). Any REAP approved BMPs necessary to properly treat an ACA under your management control are eligible for REAP tax credits.

4. If you have an approved conservation plan/agricultural E&S plan for all acres plowed and tilled and an approved nutrient/manure management plan (if required) in the program year that you are applying, and if all BMPs necessary to properly treat an ACA under your management control and contained in a current conservation, agricultural E&S, nutrient or manure management plan are fully implemented, then you may apply for REAP tax credits for any REAP eligible practice or REAP eligible equipment necessary to control nutrient or sediment pollution on your agricultural operation.

Other Program Requirements and Conditions

No tax credit will be provided for a publicly funded portion of a project; however, any portion of an eligible project paid by a farmer ("out of pocket" expenses) may be included in a REAP application.

Tax credits will be awarded to projects completed after October 23, 2007, but not after the project's life span as defined in Attachment 1 have expired.

The tax credit must be returned if the practice is not maintained and managed for the life span of the practice. Life spans established by the Commission for specific practices are found in Attachment 1. If the BMP is not maintained for the required period, the owner of the property upon which the project exists shall return to the Department of Revenue the full amount of the tax credit originally granted.

If the recipient of a tax credit provides prior written notification to the Commission that the recipient will be unable to maintain a BMP due to the sale of the property, cessation of an agricultural operation or other factors, the Commission may direct the Department of Revenue to prorate the amount of the tax credit that shall be returned based on the remaining lifespan of the BMP in question.

The Commission has established a policy on the trading of no till planting and low disturbance manure incorporation equipment before the established lifespan of the equipment has expired. See Attachment 12 for more information on this policy.

The following are considered eligible costs of a project to which a tax credit may be applied:

1. Project design engineering and associated planning
2. Project management costs, including contracting, document preparation and applications
3. Project construction or installation
4. Equipment, materials and other components of eligible projects
5. Post construction inspections
6. Interest payments on loans for project implementation for up to one year prior to the award of the tax credit

Any of the above costs for services that may be provided by a Conservation District or private sector technical service provider through a fee or charge are eligible costs and may be included in the REAP application. These services are eligible for 75% of eligible costs. REAP application/verification fees are not eligible costs nor are fees charged by consultants to fill out a REAP application.

There are three ways for applicants to participate in the REAP Program.

1. Implement eligible BMPs and use the credits directly to pay your state tax bill. REAP tax credits will reduce, dollar for dollar, the amount of state tax you owe. You may use your tax credit for up to fifteen years from the date the tax credit is awarded by the Department of Revenue, applying the credit on your annual taxes incrementally until you have depleted the credit.

2. You may sell your tax credits to another Pennsylvania taxpayer. Many taxpayers – individuals or corporations – seek to reduce their tax liability through the purchase of tax credits. Individuals who have been awarded REAP credits may arrange the sale of the credit to any eligible buyer. Also, a list of private brokers who arrange the sale of tax credits is found in Attachment 8. The guidelines and application for the sale of REAP tax credits are available on the REAP website or by calling the Commission at 717-787-8821.

3. You may work with a sponsor that will help finance the BMPs on an agricultural operation. The farmer will be compensated by the sponsor for making improvements and the sponsor will receive the tax credit. A "sponsor" is defined in Attachment 9. Examples of sponsors include: banks and other lending institutions or businesses wishing to make an investment in conservation projects.

Application, Certification and Approval Procedure

The Commission will accept two types of applications:

1) Applications for eligible projects which are complete at the time of application submission (after October 23, 2007). No tax credits will be awarded for a project with an expired REAP life span.

2) Applications for eligible proposed projects which will be completed after the Commission determines project eligibility.

Addendum Applications

REAP applications received in FY 2014-15 which were not considered because credits were unavailable, will be reviewed for the upcoming program year (FY 2015-16) prior to accepting new applications for either completed or proposed projects. These applicants will receive by mail an "Addendum" application which must be completed and returned to the Commission by no later than close of business July 20, 2015.

If the Addendum application is not received by July 20, 2015, a new FY 2015-16 application must be submitted.

New Applications

The SCC will have two separate application periods for the FY 2015-16 program. The first application period (beginning August 3, 2015) will accept applications for COMPLETED projects only. The SCC will reserve 75% of the total REAP allocation for this funding round. The second application period (beginning August 17, 2015) will accept applications for both proposed and completed projects. If there are additional credits that were not awarded from the first application period, those credits will be added to the second application period. If the amount of completed applications received in the first funding round, exceeds the 75% allocation, those applications will be reviewed as part of the second funding round.

Applications may be delivered in person, via US Postal Service, or via a private carrier to the Commission office at the following address:

REAP Program
State Conservation Commission
2301 North Cameron Street
Harrisburg, PA 17110

during normal business hours of 8:00 am through 4:00 pm, Monday through Friday. The Commission will not accept any applications delivered in person on the first day of an application period before 8:00 a.m. Faxed or emailed applications will not be accepted.

Applications for COMPLETED projects

New applications for completed projects for FY 2015-16 will be accepted by the Commission on a first-come, first-served basis beginning August 3, 2015. Any applications received by the Commission which are postmarked prior to August 1, 2015 will be returned.

If necessary, all mailed applications for completed projects received by the Commission which are postmarked August 1, 2015 and later, and all applications received on August 3, 2015, will be date-stamped and placed in a "lottery" at the end of the business day on August 3, 2015, and randomly selected and assigned a number beginning with the number following the last Addendum Application received. Applications for completed projects will be accepted on subsequent days until the 75% allocation has been committed to eligible projects. Completed applications will continue to be accepted in the second funding round as well as applications for proposed projects.

For an application to be considered a complete project the following apply:

1. For applications involving the installation of Best Management Practices (BMPs) to be considered a completed project the following must be included with the application:

- Applicant must meet all eligibility requirements
- REAP project certification Completion Certification for BMPs form
- Paid receipts for each BMP
- REAP Project Completion Summary form
- Documentation of other public funding (if applicable)

2. For applications involving the purchase of equipment to be considered a completed project the following must be included with the application:

- Applicant must meet all eligibility requirements
- Dealer certification form
- Paid receipt showing the date the equipment was delivered to the farm and the serial number of the equipment

3. For applications that involve the development of nutrient/manure or conservation plans to be considered a completed project the following must be included with the application:

- Applicant must meet all eligibility requirements
- Paid receipt for the cost of the plan

- Documentation that the plan is complete or approved (if necessary)
- Documentation of other public funding (if applicable)

Applications for PROPOSED projects

The SCC will begin accepting applications for PROPOSED (and all other) projects beginning on August 18th, 2015.

In order for a proposed project (BMP), other than equipment purchase, to be eligible for the REAP tax credit program the following criteria must be met, prior to submitting the REAP application:

1. Proposed project (BMP) must be listed in the current conservation, Ag E&S plan or nutrient or manure management plan or plan amendment or the REAP eligible BMP or equipment must be determined by a conservation planning and/or design professional to be necessary to control nutrient or sediment pollution on your agricultural operation.
2. Any proposed project must develop a reasonable cost estimate based on a current site Inventory and Evaluation (I&E) and current costs. The site I&E should list the elements and practices that have been concisely planned and include location, estimated cost of project components, total estimated project cost, planned construction date and a plan view sketch.
3. This I&E must be completed by a person with appropriate job approval authority or equivalent experience and or training.

When the eligible proposed project is complete, the applicant must provide to the Commission a signed certification form indicating that the project is complete, and copies of paid receipts for the completed project. Upon receipt of these documents, the Commission will provide notification to the PA Department of Revenue that the eligible applicant has completed a project which meets the criteria for a REAP tax credit, and the amount of tax credit for the eligible applicant.

For projects that include the proposed purchase of equipment, delivery of equipment must take place by June 30, 2016. For projects involving the implementation of structural BMPs (other than equipment purchases) which must be phased in to successfully complete the proposed project(s), all BMPs and BMP components must be complete by June 30, 2017 in order to be eligible.

If the approved eligible projects are not completed within the specified time frames (one year for equipment purchase and two years for installation of BMPs), the outstanding projects may be removed from the program. Implementation and completion schedules may be extended past the implementation date approved with the application, on a case-by case basis at the discretion of the Commission if the applicant notifies the Commission, in writing, of extraordinary circumstances which prevent the applicant from implementing a project on the approved schedule.

All multi-year projects deemed eligible by the Commission will be committed from the total REAP appropriation in the fiscal year in which the original application is approved.

Only the approved practice applied for in this application will be eligible. Any additional practices you wish to install and received tax credit for would need to be applied for in a new application. Tax credits awarded will not exceed the total amount approved in this application. Additional credits for projects costing more than the amount deemed eligible in this application must be submitted as a new application in future program years and will be considered if and when additional REAP tax credits are available.

Additional Information for new applications

For those applicants that do not have a current Conservation Plan/Ag E&S Plan, Nutrient Management Plan/Manure Management Plan, the applicant will be restricted to applying for tax credits for only planning-related activities in the initial application.

The Commission will complete the application review of all Addendum and new FY 2015-16 applications within 60 days of receipt of a complete application, and will notify the applicant, in writing, if the application meets the requirements for an eligible project and is authorized to receive REAP tax credits. Review and approval of all applications received (Addendum and new) is contingent upon a REAP allocation approved in the FY 2015-16 state budget.

The PA Department of Revenue will conduct a compliance check to determine if the applicant has filed all required state tax reports and returns for all applicable tax years, and paid all balances of state taxes due. Within 60 days of notice from the Commission that a completed project is eligible, the PA Department of Revenue will issue a notice of award of a tax credit to the eligible applicant.

If the PA Department of Revenue deems that the applicant is non-compliant with regards to the required state tax reports or if there is an outstanding tax liability, the applicant must immediately contact the Department of Revenue to resolve the tax issue. If the applicant remains in a non-compliant status for two years, the BMP or equipment applied for will be removed from the REAP program.

For projects where the applicant is a sponsor, the Commission requires a signed written agreement between the sponsor (applicant) and the owner of the property on which the project will be completed, certifying that the property owner will comply with all of the requirements associated with award of the REAP tax credit.

The Commission will consider applications for tax credits for BMPs on existing agricultural operations. Projects which include expansion of an existing agricultural operation of greater than 25% will not be eligible for REAP tax credit.

For all issues not specifically addressed by these guidelines, please refer to the provisions of Act 55 of 2007, Section 1701-E to Section 1710-E, or contact the Commission at 717-787-8821. Questions regarding tax implications for individual applicants should be directed to an accountant or other tax professional.

Attachment 1

REAP Eligible Best Management Practices (BMPs)

REAP Eligible Planning BMPs

Agricultural Erosion & Sedimentation (AG E&S) Control Plan

Practice Code:
Reportable Units: No.
Lifespan: 3 years
Tax Credit Rate: 75%
Additional Information: Refer to Attachment 2
REAP Conditions:
Certification Requirements: The E&S Plan shall be prepared by a person trained and experienced in E&S control methods and techniques applicable to the size and scope of the project being designed.

Conservation Plan

Practice Code:
Reportable Units: No.
Lifespan: 3 years
Tax Credit Rate: 75%
Additional Information: Refer to Attachment 2
REAP Conditions:
Certification Requirements: The plan must be written by a NRCS certified conservation planner.

Manure Management Plan (MMP)

Practice Code:
Reportable Units: No.
Lifespan: 3 years
Tax Credit Rate: 75%
Additional Information: Refer to Attachment 3. See also: DEP Land Application of Manure – Manure Management Plan Guidance
REAP Conditions:
Certification Requirements: None required

Nutrient Management Plan

Practice Code:
Reportable Units: No.
Lifespan: 3 years
Tax Credit Rate: 75%
Additional Information: Refer to Attachment 3. Must meet Act 38 Standards.
REAP Conditions:
Certification Requirements: Must be written by an Act 38 certified specialist.

REAP Eligible Equipment BMPs

Composting Equipment

Reportable Units: No.
Lifespan: New Equipment - 7 years, Used Equipment - 3 years
Tax Credit Rate: 50%
Additional Information: Compost screeners, Compost turning equipment, Compost baggers, other equipment approved by Commission
REAP Conditions: Composting must be included in the operation's Nutrient/Manure Management Plan.
Certification Requirements: NA

Cover Crop Rollers and Roller Attachments

Reportable Units: No.

Lifespan: New Equipment - 7 years, Used Equipment - 3 years
Tax Credit Rate: 50%
Additional Information: Refer to Attachment 5
REAP Conditions: Equipment used to roll down cover crop residue prior to no-till planting of subsequent crops
Certification Requirements: Requires Equipment Dealer Certification

Manure Incineration Equipment
Reportable Units: No.
Lifespan: New Equipment - 7 years, Used Equipment - 3 years
Tax Credit Rate: 50%
Additional Information: Furnaces, Burners, Conveyors, other equipment approved by Commission
REAP Conditions:
Certification Requirements: NA

Manure Injection Equipment – Low Disturbance
Reportable Units: No.
Lifespan: New Equipment - 7 years, Used Equipment - 3 years
Tax Credit Rate: 50%
Additional Information: Refer to Attachment 6
REAP Conditions: Equipment must be capable of shallow injection of manure and/or must be a contiguous part of a manure injection system. Manure injection equipment that utilizes new technology will be evaluated by the Commission on a case by case basis.
Certification Requirements: Requires Equipment Dealer Certification

Manure Separation Equipment
Reportable Units: No.
Lifespan: New Equipment - 7 years, Used Equipment - 3 years
Tax Credit Rate: 50%
REAP Conditions: Manure separation must be included in the operation's Nutrient/Manure Management Plan.
Certification Requirements: NA

No-Till Planting Equipment
Reportable Units: No.
Lifespan: New Equipment - 7 years, Used Equipment - 3 years
Tax Credit Rate: 50%
Additional Information: Refer to Attachment 5
REAP Conditions:
Certification Requirements: Requires Equipment Dealer Certification

Precision Nutrient Application Equipment
Reportable Units: No.
Lifespan: New Equipment - 7 years, Used Equipment - 3 years
Tax Credit Rate: 50%
Additional Information: Refer to Attachment 5
REAP Conditions: Components of Nutrient Application Equipment that enable base equipment (new or existing) to be upgraded with precision/variable rate application capabilities.
Certification Requirements: Requires Equipment Dealer Certification

Residue Management Equipment – Low Disturbance
Reportable Units: No.
Lifespan: New Equipment - 7 years, Used Equipment - 3 years
Tax Credit Rate: 50%
Additional Information: Refer to Attachment 6
REAP Conditions: Vertical tillage equipment used to incorporate manure and/or manage heavy corn residue with minimal soil disturbance.
Equipment whose main function is secondary tillage (i.e. disking equipment) is not eligible.
Equipment that utilizes new technology will be evaluated by the Commission on a case by case basis.

Certification Requirements: Requires Equipment Dealer Certification

All Other REAP Eligible BMPs

Access Road

Practice Code: 560
Reportable Units: Ft.
Lifespan: 5 years
Tax Credit Rate: 50%
Additional Information:
REAP Conditions: This practice shall only be applicable to those locations on the farm where an improved travel-way is needed to access newly established BMPs. REAP tax credits will not be authorized for any construction or portion thereof exceeding 14 feet in width or 500 feet in length.
Certification Requirements: Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.

Animal Mortality Facility

Practice Code: 316
Reportable Units: No.
Lifespan: 10 years
Tax Credit Rate: 50%
Additional Information:
REAP Conditions: The animal mortality composting facility must be part of a manure/nutrient management plan. The dead animals must come from the producer's operation and may not come from outside sources.
Certification Requirements: Any Conservation district or NRCS employee, or NRCS Certified Technical Service Provider, or private sector engineer or technician who has appropriate training and experience in the BMP planning, design and installation methods and techniques applicable to the size and scope of the BMP being certified.

Animal Trails and Walkways

Practice Code: 575
Reportable Units: Ft.
Lifespan: 5 years
Tax Credit Rate: 50%
REAP Conditions: Eligible in conjunction with Prescribed Grazing (528) only. REAP tax credit not authorized for any construction or portion thereof that is greater than 12 feet in width.
Certification Requirements: Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.

Brush Management

Practice Code: 314
Reportable Units: Ac.
Lifespan: 5 years
Tax Credit Rate: 50%
REAP Conditions: Applicable to removing undesirable woody vegetation in existing pastures by mechanical and/or chemical methods. Eligible in conjunction with Prescribed Grazing (528) only. The acres needing treatment must be identified in the Prescribed Grazing Plan.
Certification Requirements: Any Conservation district or NRCS employee, or NRCS Certified Technical Service Provider, or private sector engineer or technician who has appropriate training and experience in the BMP planning, design and installation methods and techniques applicable to the size and scope of the BMP being certified.

Channel Stabilization

Practice Code: 584
Reportable Units: Ft.
Lifespan: 10 years
Tax Credit Rate: 50%

Additional Information: Applicant is responsible for all local, state and federal permits and approvals that may be required.
REAP Conditions: Used to stabilize stream banks eroded due to excessive water flow or livestock activity.
Certification Requirements: Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.

Channel Vegetation
Practice Code 322
Reportable Units: Ac.
Lifespan: 5 years
Tax Credit Rate: 50%
Additional Information:
REAP Conditions: Eligible in conjunction with Vegetated Buffer, Riparian Forest Buffer and Riparian Herbaceous Cover establishment.
Certification Requirements: Any Conservation district or NRCS employee, or NRCS Certified Technical Service Provider, or private sector engineer or technician who has appropriate training and experience in the BMP planning, design and installation methods and techniques applicable to the size and scope of the BMP being certified.

Closure of Waste Impoundments
Practice Code: 360
Reportable Units: No.
Lifespan: Operator must agree to permanently abandon the designated existing structure and the appropriate component practices of the structure.
Tax Credit Rate: 50%
REAP Conditions: BMP must be identified in operator's nutrient or manure management plan. Plan must also state whether the facility is to be replace or is no longer needed.
Certification Requirements: Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.

Composting Facility
Practice Code: 317
Reportable Units: Sq. Ft.
Lifespan: 10 years
Tax Credit Rate: 50%
REAP Conditions: The composting facility must be included in manure/nutrient management plan. The material to be composed must include animal waste generated on the operation and may not originate from outside sources. The composting operation must meet the PA-DEP criteria for on-farm composting.
Certification Requirements: Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.

Constructed Wetland
Practice Code: 656
Reportable Units: No.
Lifespan: 5 years
Tax Credit Rate: 50%
REAP Conditions: Eligible for wastewater treatment only.
Certification Requirements: Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.

Contour Farming
Practice Code: 330
Reportable Units: Ac.
Lifespan: 5 years
Tax Credit Rate: 50%
REAP Conditions: Planning and layout costs only.
Certification Requirements: Any Conservation district or NRCS employee, or NRCS Certified Technical Service Provider, or private sector engineer or technician who has appropriate training and experience in the BMP planning, design and installation methods and techniques applicable to the size and scope of the BMP being certified.

Cover Crop

Practice Code:	340
Reportable Units:	Ac.
Lifespan:	Annual
Tax Credit Rate:	50%
Additional Information:	Refer to Attachment 11
REAP Conditions:	Only completed projects are eligible. Only seed and planting costs for the initial year of the practice are eligible. The practice is allowed only once per crop management unit (field).
Certification Requirements:	Completion of the Cover Crop – Job Sheet (Application p 17) is required.

Critical Area Planting

Practice Code:	342
Reportable Units:	Ac.
Lifespan:	5 years
Tax Credit Rate:	50% or 75% (rate when used for ACA treatment)
REAP Conditions:	
Certification Requirements:	Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.

Diversion

Practice Code:	362
Reportable Units:	Ft.
Lifespan:	5 years
Tax Credit Rate:	50% or 75% (rate when used for ACA treatment)
REAP Conditions:	Companion practices are limited to the minimum amount needed for proper function and safe outlet of the diversion.
Certification Requirements:	Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.

Fence

Practice Code:	382
Reportable Units:	Ft.
Lifespan:	10 years
Tax Credit Rate:	50% or 75%
Additional Information:	75% rate only applies when used for ACA treatment or for animal exclusion in conjunction with 50 Foot Riparian Forest Buffer (391). All other uses are at the 50% rate.
REAP Conditions:	Used in conjunction with Access Control (472) to protect other practices and or land uses AND in conjunction with Prescribed Grazing (528) only. REAP tax credits authorized for establishing fencing is limited to permanent fence utilizing new materials. Fencing receiving REAP tax credits must not have indirect negative environmental impacts on adjacent areas, such as allowing uncontrolled livestock access to sensitive areas such as stream corridors, steep areas subject to erosion, or woodland subject to overgrazing. REAP tax credit not authorized for removal and/or upgrade of existing fence.
Certification Requirements:	Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer

Filter Strip

Practice Code:	393
Reportable Units:	Ac.
Lifespan:	5 years
Tax Credit Rate:	50%
Additional Information:	
REAP Conditions:	Vegetated buffer establishment only.
Certification Requirements:	Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.

Forage and Biomass Planting

Practice Code:	512
Reportable Units:	Ac.
Lifespan:	5 years
Tax Credit Rate:	50%

REAP Conditions: Eligible for conversion to Prescribed Grazing (528) only. REAP tax credits limited to land being converted from annual crop production to permanent pasture. REAP tax credit not authorized for re-seeding existing pastures, converting lands with greater than 20% woody vegetation into pasture, introducing hay into the crop rotation, or for lime and/or fertilizer application as a standalone practice.

Certification Requirements: Any Conservation district or NRCS employee, or NRCS Certified Technical Service Provider, or private sector engineer or technician who has appropriate training and experience in the BMP planning, design and installation methods and techniques applicable to the size and scope of the BMP being certified.

Grassed Waterway

Practice Code: 412
Reportable Units: Ac.
Lifespan: 5 years
Tax Credit Rate: 50% or 75% (rate when used for ACA treatment)
REAP Conditions:
Certification Requirements: Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.

Heavy Use Area Protection

Practice Code: 561
Reportable Units: Sq. Ft.
Lifespan: 10 years
Tax Credit Rate: 50% or 75%
Additional Information: 75% rate when used for ACA treatment; If BMP includes a roof structure, the Roofed Storage/Roofed ACA worksheet (page 15 of Application) must be submitted along with the application.
REAP Conditions: SCC staff site visit required prior to BMP approval.
Certification Requirements: Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.

Lined Waterway or Outlet

Practice Code: 468
Reportable Units: Ft.
Lifespan: 5 years
Tax Credit Rate: 50% or 75% (rate when used for ACA treatment)
REAP Conditions: Used where vegetation alone will not provide adequate stabilization.
Certification Requirements: Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.

Obstruction Removal

Practice Code: 500
Reportable Units: Ac.
Lifespan: 5 years
Tax Credit Rate: 50%
REAP Conditions: Eligible when existing obstructions interfere with other planned BMPs. REAP tax credits not authorized to remove brush in order to install fence.
Certification Requirements: Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.

Pipeline

Practice Code: 516
Reportable Units: Ft.
Lifespan: 5 years
Tax Credit Rate: 50%
REAP Conditions: Eligible as a component of livestock watering systems in conjunction with Prescribed Grazing (528) only. Pipe with a diameter of 8 inches or less that is used to convey clean water for livestock. REAP tax credits not authorized when the pipeline will be used in conjunction with a domestic water supply or irrigation.
Certification Requirements: Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.

Pond

Practice Code:	378
Reportable Units:	No.
Lifespan:	5 years
Tax Credit Rate:	50%
REAP Conditions:	Practice is eligible for livestock water source in conjunction with Prescribed Grazing (528) only. Applicant is responsible for all local, state and federal permits and approvals that may be required.
Certification Requirements:	Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.

Pond Sealing or Lining

Practice Code:	521
Reportable Units:	No.
Lifespan:	5 years
Tax Credit Rate:	50%
REAP Conditions:	Eligible for earthen Waste Storage Facilities, or Ponds used as a livestock water source.
Certification Requirements:	Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.

Poultry/Livestock Housing Vegetative Buffers

Practice Code:	380 (Windbreak/Shelterbelt Establishment)
Reportable Units:	ft.
Lifespan:	10 years
Tax Credit Rate:	50%
Additional Information:	Plantings must conform to USDA/NRCS Windbreak/Shelterbelt Establishment (380) Technical Note No. 1
REAP Conditions:	Establishment costs only. Plantings must be within close proximity to livestock housing and exhaust fans
Certification Requirements:	Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.

Pumping Plant for Water Control

Practice Code:	533
Reportable Units:	No.
Lifespan:	10 years
Tax Credit Rate:	50%
REAP Conditions:	Eligible for livestock water source only.
Certification Requirements:	Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.

Riparian Forest Buffer

Practice Code:	391
Reportable Units:	Ac.
Lifespan:	15 years
Tax Credit Rate:	50% or 75%
Additional Information:	50% rate when used in conjunction with the minimum width of the practice (35 feet); 75% rate when used in conjunction with 50 foot or greater width.
REAP Conditions:	Vegetated buffer establishment only, 180 foot maximum width eligible for REAP Tax Credit, maintenance costs for three years may be included in eligible costs. This practice is available to agricultural and non-agricultural operations. REAP Tax credits not authorized for moving or replacing existing stream fencing.
Certification Requirements:	Any Conservation district or NRCS employee, or NRCS Certified Technical Service Provider, or private sector engineer or technician who has appropriate training and experience in the BMP planning, design and installation methods and techniques applicable to the size and scope of the BMP being certified.

Riparian Herbaceous Cover

Practice Code:	390
Reportable Units:	Ac.
Lifespan:	5 years
Tax Credit Rate:	50%

REAP Conditions: Vegetated buffer establishment only.
Certification Requirements: Any Conservation district or NRCS employee, or NRCS Certified Technical Service Provider, or private sector engineer or technician who has appropriate training and experience in the BMP planning, design and installation methods and techniques applicable to the size and scope of the BMP being certified.

Roof Runoff Structure
Practice Code: 558
Reportable Units: Ft.
Lifespan: 5 years
Tax Credit Rate: 50% or 75% (rate when used for ACA treatment)
REAP Conditions: This practice, which includes roof gutters and drip drains, shall only be applied to those locations on a farm where runoff from existing farm building presents a signification pollution problem by causing severe erosion and/or by transporting pollutants from animal wastes. Practice must include establishment of a stable outlet. The resulting discharge must not comingle with animal waste, or otherwise degrade water quality. Roofs are not included under this practice. REAP tax credits not authorized for building modification in preparation for this practice.
Certification Requirements: Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.

Roofs and Covers
Practice Code: 367
Reportable Units: Sq. Ft.
Lifespan: 10 years
Tax Credit Rate: 50% or 75% (rate when used for ACA treatment)
Additional Information: If the roof structure applied for is a component of Heavy Use Area Protection (561) or Waste Storage Facility (313), the Roofed Storage/Roofed ACA worksheet (page 15 of Application) must be submitted along with the application.
REAP Conditions: Practice applies to construction of roofing over waste storage facilities or portions of ACAs. SCC staff site visit required to prior to BMP approval.
Certification Requirements: Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.

Sediment Basin
Practice Code: 350
Reportable Units: No.
Lifespan: 5 years
Tax Credit Rate: 50%
REAP Conditions: REAP tax credits are not authorized for structures designed to impound water for irrigation, recreation, to supply water to troughs or tanks, or for sediment basin maintenance.
Certification Requirements: Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.

Silage Leachate Management
Practice Code:
Reportable Units: No.
Lifespan: Equal to longest component BMP lifespan, not to exceed 15 years
Tax Credit Rate: 50%
REAP Conditions:
Certification Requirements: Any Conservation district or NRCS employee, or NRCS Certified Technical Service Provider, or private sector engineer or technician who has appropriate training and experience in the BMP planning, design and installation methods and techniques applicable to the size and scope of the BMP being certified.

Sinkhole and Sinkhole Area Treatment
Practice Code: 527
Reportable Units: Ac.
Lifespan: 5 years
Tax Credit Rate: 50%
REAP Conditions: Utilized to permanently close sinkholes that currently pose a threat to groundwater pollution from animal activity or manure application.

Certification Requirements: Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.

Solid/Liquid Waste Separation Facility

Practice Code: 632
Reportable Units: No.
Lifespan: 10 years
Tax Credit Rate: 50%
REAP Conditions: Manure separation must be included in the operation's Nutrient/Manure Management Plan.
Certification Requirements: Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.

Spring Development

Practice Code: 574
Reportable Units: No.
Lifespan: 5 years
Tax Credit Rate: 50%
REAP Conditions: Eligible in conjunction with Prescribed Grazing (528) only. Subsurface drainage (606) is only authorized for supplying a viable water source needed for the livestock and in conjunction with providing a stable outlet. The practice is not authorized for traditional tile drainage in adjacent fields. Practice may include a maximum of 1,200 feet of 4 inch collection line only. SCC staff approval of collection systems greater than 1,200 feet is required prior to BMP approval. All Federal, State, and Local laws and regulation pertaining to wetlands must be followed.
Certification Requirements: Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.

Stream Crossing

Practice Code: 578
Reportable Units: No.
Lifespan: 5 years
Tax Credit Rate: 50%
Additional Information: Applicant is responsible for all local, state and federal permits and approvals that may be required.
REAP Conditions: Eligible for animal and agricultural equipment crossing and in conjunction with Prescribed Grazing (528). REAP tax credits not authorized for any construction or portion thereof that is greater than 14 feet in width.
Certification Requirements: Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.

Stream Bank and Shoreline Protection

Practice Code: 580
Reportable Units: Ft.
Lifespan: 5 years
Tax Credit Rate: 50%
Additional Information: Applicant is responsible for all local, state and federal permits and approvals that may be required.
REAP Conditions: Used to stabilize stream banks eroded due to excessive water flow or livestock activity.
Certification Requirements: Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.

Strip-cropping

Practice Code: 585
Reportable Units: Ac.
Lifespan: 5 years
Tax Credit Rate: 50%
REAP Conditions: Planning and layout costs only.
Certification Requirements: Any Conservation district or NRCS employee, or NRCS Certified Technical Service Provider, or private sector engineer or technician who has appropriate training and experience in the BMP planning, design and installation methods and techniques applicable to the size and scope of the BMP being certified.

Structure for Water Control

Practice Code: 587

Reportable Units: No.
Lifespan: 5 years
Tax Credit Rate: 50% or 75% (rate when used for ACA treatment)
REAP Conditions: REAP tax credits not authorized for the installation of structures designed to impound water for irrigation, recreation, household water, or to create ponds.
Certification Requirements: Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.

Subsurface Drain
Practice Code: 606
Reportable Units: Ft.
Lifespan: 5 years
Tax Credit Rate: 50%
REAP Conditions: Subsurface drainage is not authorized for REAP tax credits as a stand-alone practice or component of an existing or proposed practice. May only be used as a companion practice for primary structural practices. REAP tax credits not authorized when used as supporting practices for non-structural or vegetative practices such as Conservation Cover (327), Contour Farming (330), Cover Crop (340), Forage and Biomass Planting (512).
Certification Requirements: Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.

Terrace
Practice Code: 600
Reportable Units: Ft.
Lifespan: 5 years
Tax Credit Rate: 50%
REAP Conditions: The practice is to be applied where: water erosion is a resource concern, the soils and topography are such that terraces can be constructed and farmed with a reasonable effort and a stable outlet can be provided.
Certification Requirements: Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.

Tree/Shrub Establishment
Practice Code: 612
Reportable Units: Ac.
Lifespan: Riparian Forest Buffer – 15 years, Vegetated Buffer – 10 years
Tax Credit Rate: 50% or 75%
Additional Information: 75% rate when used in conjunction with 50 foot or greater width Riparian Forest Buffer.
REAP Conditions: 180 foot maximum width eligible for REAP Tax Credits. Eligible in conjunction with Riparian Forest Buffer (391) and Vegetated Buffer establishment only.
Certification Requirements: Any Conservation district or NRCS employee, or NRCS Certified Technical Service Provider, or private sector engineer or technician who has appropriate training and experience in the BMP planning, design and installation methods and techniques applicable to the size and scope of the BMP being certified.

Underground Outlet
Practice Code: 620
Reportable Units: Ft.
Lifespan: 5 years
Tax Credit Rate: 50% or 75% (rate when used for ACA treatment)
REAP Conditions: This practice is to be used as a supporting practice to outlet water from other conservation practices such as roof runoff structure, terrace, and watering facilities.
Certification Requirements: Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.

Vegetated Buffer
Practice Code:
Reportable Units: Ac.
Lifespan: 5 years
Tax Credit Rate: 50%

REAP Conditions: Eligible for Act 38 or MMP 35 foot minimum width manure application buffer. Eligible for establishment of any mixture of herbaceous vegetation only. The establishment of woody vegetation is not eligible for REAP tax credits under this practice.

Certification Requirements: Any Conservation district or NRCS employee, or NRCS Certified Technical Service Provider, or private sector engineer or technician who has appropriate training and experience in the BMP planning, design and installation methods and techniques applicable to the size and scope of the BMP being certified.

Vegetated Treatment Area

Practice Code: 635
Reportable Units: Ac.
Lifespan: 5 years
Tax Credit Rate: 50% or 75% (rate when used for ACA treatment)
REAP Conditions:
Certification Requirements: Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.

Waste Storage Facility

Practice Code: 313
Reportable Units: Cu. Ft.
Lifespan: 10 years
Tax Credit Rate: 50%
Additional Information: If BMP includes a roof structure, the Roofed Storage/Roofed ACA worksheet (page 15 of Application) must be submitted along with the application. Applicant is responsible for all local, state and federal permits and approvals that may be required.
REAP Conditions: SCC staff site visit required to prior to BMP approval for the roof structure component
Certification Requirements: Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.

Waste Transfer

Practice Code: 634
Reportable Units: Ft.
Lifespan: 10 years
Tax Credit Rate: 50% or 75% (rate when used for ACA treatment)
REAP Conditions: Eligible in conjunction with Waste Storage Facility (313) and Alternative Manure Utilization only. REAP tax credits are not authorized for: Portable pumps, pumping equipment or other portable equipment for removing, distributing, or applying animal waste on the land; Facilities that do not meet local or State regulations; Installations intended primarily for the operator's convenience; electric lines.
Certification Requirements: Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.

Waste Treatment

Practice Code: 629
Reportable Units: No.
Lifespan: Annual
Tax Credit Rate: 50%
Additional Information: Only completed projects are eligible
REAP Conditions: Use of the Waste Treatment practice must be included in the operation's Nutrient/Manure Management Plan.
Certification Requirements: Any Conservation district or NRCS employee, or NRCS Certified Technical Service Provider, or private sector engineer or technician who has appropriate training and experience in the BMP planning, design and installation methods and techniques applicable to the size and scope of the BMP being certified.

Waste Treatment Lagoon

Practice Code: 359
Reportable Units: Cu. Ft.
Lifespan: 10 years
Tax Credit Rate: 50%
REAP Conditions:

Certification Requirements: Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.

Water and Sediment Control Basin

Practice Code: 638
Reportable Units: No.
Lifespan: 5 years
Tax Credit Rate: 50%
REAP Conditions: REAP tax credit not authorized for structures designed to: impound water for irrigation, recreation, or supply water to troughs or tanks and sediment basin maintenance.
Certification Requirements: Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.

Water Well

Practice Code: 642
Reportable Units: No.
Lifespan: 5 years
Tax Credit Rate: 50%
REAP Conditions: Eligible in conjunction with Prescribed Grazing (528) only. REAP tax credits not authorized for: electric components; dry wells; providing water for the farm headquarters; domestic use.
Certification Requirements: Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.

Watering Facility

Practice Code: 614
Reportable Units: No.
Lifespan: 5 years
Tax Credit Rate: 50%
REAP Conditions: Eligible in conjunction with Prescribed Grazing (528) only. REAP tax credits authorized for permanently located facilities within grazing paddocks or pastures. REAP tax credits not authorized for power sources or for Watering Facilities located at the farmstead.
Certification Requirements: Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.

Attachment 2

Conservation Plan and Agricultural E&S Plan Policy

An agricultural operation that is an applicant for the REAP Tax Credit Program for agricultural BMP or equipment must first have in place a current Conservation Plan and/or Ag E&S Plan for all acres plowed and or tilled that are under their management control (owned or rented or leased or utilized) in the year that they are applying for REAP Tax Credits to be eligible for the program.

For the purposes of REAP, a Conservation Plan and/or Ag E&S Plan, is defined as "current" if the plan accurately reflects the existing operation; including correct and current number of acres, crop rotations, tillage, and animal numbers. The applicant must be on-schedule for full implementation of the plan.

A current Conservation Plan/Ag E&S Plan must address the following soil, water, and nutrient resource concerns on the agricultural operation with the identified quality criteria:

Resource Concern	Description of Concern	Quality Criteria	Assessment or Evaluation Tools
Soil Erosion – Sheet & Rill	Detachment and transport of soil particles degrade soil quality.	Sheet and Rill erosion does not exceed "T" over the crop rotation.	Visual, RUSLE hard copy, RUSLE2
Soil Erosion – Ephemeral & Classic Gully	Small and large channels degrade soil quality.	Conservation Practices or BMPs stabilize the small and large channels.	Visual, volume calculation
Water Quality – Excessive Suspended Sediment in Surface Water	Cropping system includes crops with <25% *cover** adjacent to *surface water***, which degrades *surface water*** quality.	Cropland with <25% *cover** within 100' of *surface water*** are treated with additional Conservation Practices or BMPs to mitigate adverse effect.	Visual, transect measurement
Water Quality – Excessive Nutrients & Organics in Surface Water and Groundwater #	Pollution from human-induced nutrients (N, P and Organics) degrades *surface water***/groundwater.	Nutrients and organics are stored, handled and applied to mitigate adverse effect.	Visual, water quality indicators, P Index, MMP***, P.C. 590, Act 38, Act 38 + Permit

* The term *cover* includes living plant cover and post- harvest crop residue.

** The term *surface water* is limited to: perennial and intermittent streams, lakes, ponds and existing open sinkholes.

*** The term *MMP* denotes the requirements of the DEP Manure Management Plan.

This resource concern is now required to be addressed for all REAP participating farms.

Attachment 3

Nutrient Management/Manure Management Policy

Proposed and existing CAOs and CAFOs are required to have an approved Nutrient Management Plan under the State Conservation Commission's (SCC) Nutrient Management Program (Act 38) in order to be eligible for REAP tax credits. If these operators do not have a plan, they may submit a REAP application to support their efforts to get a plan developed for their farm. Likewise, all farming operations (Non-CAO and Non-CAFO) may also apply for REAP tax credits to develop a nutrient management plan meeting the SCC's Act 38 criteria.

All farming operations that generate or utilize manure, other than CAO's and CAFOs, are required to have a Manure Management Plan (MMP) under the Department of Environmental Protection (DEP) Chapter 91 regulations in order to be eligible for REAP tax credits.

Nutrient Management Plans written under Natural Resources Conservation Service (NRCS) Comprehensive Nutrient Management Plans (CNMPs), as part of the operations conservation plan meet the criteria of DEP's Chapter 91 MMP.

MMPs can be prepared by the farmer although the farmer may benefit from obtaining assistance from individuals trained and experienced in developing these plans. The Best Management Practices (BMPs) applied for through the REAP Tax Credit program must be consistent with the MMP.

This nutrient/manure planning requirement (NMP, MMP) must address the owned and rented fields where manure from the operation is planned to be mechanically applied. For grazing operations, a grazing plan that meets NRCS P.C. 528 standards will meet this requirement.

Manure volume for the operation will be calculated by the BMP designer, as necessary to properly design the manure management or storage BMP being considered for this operation.

To be considered a current NMP or MMP, the operator must be on-schedule for full implementation of the plan. The operator will need to implement the chosen NMP or MMP and keep it current with the farming operation for the lifespan of the BMP for which the REAP tax credit has been approved. This will generally be 10 years from the certification date of the BMP.

Attachment 4

Verification Signatures

Applies to(page of the REAP Application): Section 2(p4), Roofed Waste Storage/Roofed Animal Concentration Area Evaluation Worksheet (p16)
**see below for Verification Signatures for Equipment Purchases guidelines*

The individual signing on the "Verification Signature" line (page 4 of the application) for Conservation plans, Ag E&S Plans, Animal Concentration Areas, and Nutrient or Manure Management Plans is verifying that: the plan exits, that it reflects the current operation on the agricultural operation (tillage, number of acres, animal numbers and type(s), crop rotations, etc.), and that the plan is either 1) fully implemented, or 2) is being actively implemented according to the written implementation schedule.

The individual signing on the "Verification Signature" line must not have a potential conflict of interest with the applicant. The individual signing verification signature line shall not verify the existence of required plans for their own application, an application for immediate family members or a business with which the individual or a member of their immediate family is associated. For purposes of this REAP application, immediate family includes a parent, spouse, child, brother, or sister.

Please note that BOTH Section 2A and Section 2B must be verified by a qualified individual, even if there are no animals present on the operation.

The following organizations/individuals are qualified under REAP to provide the necessary verification signatures:

- Conservation District Employees with a working knowledge and appropriate training in the conservation planning process and BMP implementation.

- Qualified Technical Service Providers (TSPs)– those in the TSP registry and certified to write conservation plans, or working under the supervision of a certified TSP.

- Individuals with current certification under Act 38 of 2005, both public and private sector.

- USDA NRCS employees who are certified in conservation planning, or working under the supervision of a certified individual. ***The Commission will accept the signature of a USDA NRCS employee on a form provided by the USDA NRCS in lieu of the signature on the REAP application form, provided the NRCS form verifies the same requirements. Please attach the USDA NRCS form where applicable.***

Where verification signatures may be provided by qualified staff at the County Conservation District as permitted above to verify REAP documents, this is a function of the individual staff and does not require an action of the District Board.

Verification Signatures for Equipment Purchases

The "Verification Signature" information (page 4 of the application) as noted above must be completed for equipment purchases, as well as an "Equipment Certification" signature (pages 11, 12, 13, 14 of the application), for the application to be considered complete.

For equipment purchases, manufacturers and dealers of equipment with appropriate knowledge of specific equipment, private sector engineers and others as determined by the Commission are qualified under the REAP program to sign on the “Equipment Certification” line of the application.

The individual signing on the “Equipment Certification” line must not have a conflict of interest with the applicant. The individual signing on the equipment certification line cannot certify/verify their own equipment or the equipment purchase for an immediate family member or a business with which the individual or a member of immediate family is associated with.

The Commission reserves the right to disqualify any individual from providing a “Verification Signature.”

Attachment 5

REAP Equipment Requirements

Note: see below for No-Till Equipment Requirements, Precision Nutrient Application Equipment Requirements, Cover Crop Roller/Roller Attachment Requirements; See **Attachment 6** for Low Disturbance Residue Management Equipment/Manure Injection Equipment

*All REAP tax credit applications for the purchase of no-till equipment and cover crop rolling equipment must meet **ALL** other general REAP Eligibility Requirements.*

The Commission will not approve applications for tax credits for any equipment for which the REAP life span, as defined by Attachment 1 of the REAP Guidelines has expired.*

For the FY 2015-16 program, delivery of all equipment must take place by **June 30, 2016.**

All applicants for REAP tax credits for no-till planting equipment must attach a bill of sale, sales order, price quote or receipt which shows the purchase price of the equipment. If the equipment has been delivered at the time of application, the applicant must provide a paid receipt which reflects the total cost paid, the delivery date of the equipment, and a serial number.

The SCC reserves the right to deny an application for equipment if the cost of the equipment is not within reasonable and fair market value as determined by the Commission. The SCC reserves the right to deny an application for equipment that does not meet the intent of the standards set forth for the equipment by the SCC.

To be eligible for the REAP program, all equipment must be designed and commercially manufactured for the specific purpose and intent as listed below and the applicant must agree to not alter the intended use.

see **Attachment 12 for the REAP Equipment Trade-In/Trade-Up Policy**

No-Till Planting Equipment

New equipment qualifications:

- The no-till planter or drill must be capable of placing seeds at the optimum depth for germination and growth in untilled soil with residue cover.
- The equipment purchase must include field setup by an equipment dealer.
- Applicants must sign the certification, "**REAP No-Till Equipment Purchase Certification**" *(Application p11)*, stating that the equipment will be utilized by the applicant as intended in untilled soil - consistent with the provisions of a current conservation plan.
- New equipment shall have a REAP lifespan of **7 years**.

Used equipment qualifications:

- The used no till drill or planter must be capable of placing seeds at the optimum depth for germination and growth in untilled soil with residue cover.
- The equipment purchase must include field setup by the equipment dealer.
- All wear items must meet or exceed manufacturer's guidelines for wear replacement parts as certified by a qualified equipment dealer.

- The equipment is certified to meet the above used equipment criteria by a qualified farm equipment dealer authorized by the Commission or any other person authorized by the Commission.
- Applicant must sign the certification, "REAP No-Till Equipment Purchase Certification," stating that the equipment will be utilized by the applicant as intended in untilled soil consistent with the provisions of a current conservation plan. *(Application p11)*
- The costs of parts, repair or refurbishing of existing no-till planting equipment is ineligible for REAP Tax credits.
- Used equipment sold privately must be certified by a dealer representative to meet the above used equipment criteria. *(Application p11)*
- Used equipment shall have a lifespan of **3 years.**

Note: Drills used for interseeding cover crops are eligible

Precision Nutrient Application Equipment

The Commission will provide REAP credits for the components of Nutrient Application Equipment that enables base equipment (new or existing) to be upgraded with precision/variable rate application capabilities.

<u>New equipment qualifications</u>:

- The equipment, when upgraded, must be capable of applying manure or fertilizer at variable rates across a crop field according to specific data input from computerized maps or optical sensors.
- Only the components necessary to apply nutrients at variable rates are eligible. Examples include: hydraulic motors, variable rate drives, section control, scales, nozzle controls, metering devices.
- Monitors and displays necessary to control the components are eligible.
- Components necessary to upgrade existing application equipment to variable rate capabilities is eligible.
- The equipment purchase must include setup by an equipment dealer.
- The equipment is certified to meet the above criteria by a qualified farm equipment dealer authorized by the Commission - "REAP Precision Application Equipment Certification" (Application p13),
- Applicants must sign the same certification (p13) stating that the equipment will be utilized by the applicant, as intended - consistent with the provisions of a current Nutrient/Manure Management Plan.
- New equipment shall have a REAP lifespan of 7 years.

<u>Used equipment qualifications:</u>

- The used precision application equipment must meet the same qualifications as new equipment
- All wear items must meet or exceed manufacturer's guidelines for wear replacement parts - as certified by a qualified equipment dealer.
- The equipment purchase must include setup by an equipment dealer.
- The equipment is certified to meet the above criteria by a qualified farm equipment dealer authorized by the Commission - "REAP Precision Application Equipment Certification" (Application p13).

- Applicants must sign the same certification (p13) stating that the equipment will be utilized by the applicant, as intended, in untilled soil - consistent with the provisions of a current Nutrient/Manure Management Plan.
- Used equipment sold privately must be certified by a qualified farm equipment dealer to meet the above used equipment criteria. (Application p13)
- Used equipment shall have a lifespan of 3 years.

*The Commission will not approve applications for tax credits for any Precision Application Equipment delivered prior to January 1, 2015, or for equipment for which the REAP life span, as defined by Attachment 1 of the REAP Guidelines has expired.

Cover Crop Roller/Roller Attachment Equipment

New equipment qualifications:

- Cover crop rollers must be capable of rolling down cover crop biomass in order for subsequent crops to be no-till planted.
- Cover crop rolling attachments must attach directly to the no-till planter or no-till drill planting units and must perform the same function stated above.
- The equipment is certified to meet the above used equipment criteria by a qualified farm equipment dealer authorized by the Commission or any other person authorized by the Commission.
- The equipment purchase must include field setup by an equipment dealer.
- Applicant must sign the certification, "REAP Cover Crop Roller/Roller Attachments Equipment Purchase Certification" *(Application p14)*, stating that the equipment will be utilized by the applicant as intended and consistent with the provisions of a current conservation plan.
- New equipment shall have a REAP lifespan of **7 years**.

Used equipment qualifications:

- The used cover crop roller/roller attachments must be capable of rolling down cover crop biomass in order for subsequent crops to be no-till planted.
- The equipment purchase must include field setup by the equipment dealer.
- All wear items must meet or exceed manufacturer's guidelines for wear replacement parts as certified by a qualified equipment dealer.
- The equipment is certified to meet the above used equipment criteria by a qualified farm equipment dealer authorized by the Commission or any other person authorized by the Commission.
- Applicant must sign the certification, "REAP Cover Crop Roller/Roller Attachments Equipment Purchase Certification" *(Application p14)*, stating that the equipment will be utilized by the applicant as intended and consistent with the provisions of a current conservation plan.
- The costs of parts, repair or refurbishing of existing rolling equipment is ineligible for REAP Tax credits.
- Used equipment sold privately must be certified by a dealer representative to meet the above used equipment criteria. *(Application p14)*
- Used equipment shall have a lifespan of **3 years.**

Attachment 6

REAP Low-Disturbance Manure Injection/Low Disturbance Residue Management Requirements

All REAP Tax Credit applications for the purchase of Low-Disturbance Residue Management Equipment and/or Low Disturbance Manure Injection Equipment must meet ALL other general REAP Eligibility Requirements. Please complete the REAP Eligibility questions beginning on Page 2 of the Application to determine eligibility.

For the fiscal year 2015-2016 program, delivery of all low disturbance residue management equipment must take place by **June 30, 2016.**

All applicants for REAP tax credits for Low-Disturbance Residue Management Equipment and/or Low Disturbance Manure Injection Equipment must attach a bill of sale, sales order, price quote or receipt which shows the purchase price of the equipment. If the equipment has been delivered at the time of application, the applicant must provide a paid receipt which reflects the total cost paid, the delivery date of the equipment, and the serial number.

The SCC reserves the right to deny an application for equipment if the cost of the equipment is not within reasonable and fair market value. The SCC reserves the right to deny an application for equipment that does not meet the intent set forth in the standards for the equipment by the SCC.

To be eligible for the REAP program, all equipment must be designed and commercially manufactured for the specific purpose and intent and the applicant must agree to not alter the intended use.

The Commission will not approve applications for tax credits for any low disturbance residue management or manure injection equipment for which the life span, as defined by Attachment 1 of the REAP Guidelines has expired.

see **Attachment 12 for the REAP Equipment Trade-In/Trade-Up Policy**

Low-Disturbance Residue Management Equipment

New equipment qualifications:

- Equipment must be designed for (and be capable of) cutting and sizing crop residue with minimal soil disturbance.
- Equipment must have a maximum gang angle (adjustable or fixed) of 5 degrees.
- Equipment must have a maximum working depth of 4 inches.
- Equipment must use disks with no concavity.
- The equipment must be set up to leave a minimum of 60% residue cover on the surface.
- Equipment should be operated at an average depth of 2 inches.
- The use of residue management equipment (vertical tillage) must be listed in the RUSLE 2 soil loss calculations of the applicant's current Conservation Plan/Ag E&S Plan.
- Seed boxes that attach directly to eligible equipment are eligible.
- The purchase of equipment must include setup by an equipment dealer.
- Applicant and Equipment Dealer must sign the "REAP Low Disturbance Manure Injection/ Low Disturbance Residue Management Equipment Purchase Certification" (Application p12).
- New equipment shall have a REAP lifespan of **7 years**.

Used equipment qualifications:

- Used equipment must meet the same conditions as new equipment.
- All wear items must meet or exceed manufacturer's guidelines for wear replacement parts as certified by a qualified equipment dealer.
- Applicant and Equipment Dealer must sign the "REAP Low Disturbance Manure Injection/ Low Disturbance Residue Management Equipment Purchase Certification" (Application p12).
- The costs of operator-installed parts, repair or refurbishing of existing equipment does not qualify for REAP tax credits.
- Used equipment sold privately must also be certified by a dealer representative to meet the above used equipment criteria. (Application p12)
- Used equipment shall have a lifespan of **3 years**.

Note: Equipment whose main function is secondary tillage (i.e. disking equipment) is not eligible.

Low-Disturbance Manure Injection Equipment

The SCC will provide tax credits for Shallow disk injectors and/or Low Disturbance Manure Incorporation Equipment that attaches directly to the manure injection system.

New equipment qualifications:

- The equipment is capable of injecting manure effectively at a shallow depth (approx. 4" maximum) while creating minimal surface disturbance. Adjustable equipment must be set up to meet the above residue or cover condition.
- The equipment must be used in a manner consistent with the provisions of a current Conservation Plan/Ag E&S Plan and a current Nutrient Management Plan/Manure Management Plan.
- The purchase of equipment must include field setup by an equipment dealer.
- Applicant and Equipment Dealer must sign the "REAP Low Disturbance Residue Management Equipment/Low Disturbance Manure Injection Equipment Purchase Certification," (Application p12)
- New equipment shall have a REAP lifespan of 7 years.

Used equipment qualifications:

- Used equipment must meet the same conditions as new equipment
- All wear items must meet or exceed manufacturer's guidelines for wear replacement parts as certified by a qualified equipment dealer.
- Applicant and Equipment Dealer must sign the "REAP Low Disturbance Manure Injection/ Low Disturbance Residue Management Equipment Purchase Certification" (Application p12).
- The costs of operator-installed parts, repair or refurbishing of existing equipment is ineligible for REAP Tax credits
- Used equipment sold privately must also be certified by a dealer representative to meet the above used equipment criteria.
- Used equipment shall have a lifespan of 3 years.

Note: Manure transport tanks, drag line, and pumping equipment are not eligible.

Attachment 7

Map Requirements

The REAP application must include*:

- A 1:24,000 scale USGS Topographic quad map showing an outline of your home farm and any other parcels that contain the BMPs requested in your application.
    - An 8.5" X 11" black and white photocopy of a USGS Quad map at 1:24,000 scale is acceptable provided it includes the name of the Quad, and a major cultural feature or map feature that is readily identifiable.
    - Be sure to include the name of the 1:24,000 Quad maps.
- Other maps or aerial photographs may be accepted at the discretion of the Commission provided that the map is of sufficient scale and clarity to clearly identify the location of the BMPs for which tax credits are sought.

* Planning BMPs, No-Till equipment, Low Disturbance Residue Management equipment, and Manure Injection equipment are exempt from these mapping requirements.

If you have any questions about where to obtain the required map, please contact:

- Your technical service provider
- The County Conservation District
- The State Conservation Commission at 717-787-8821

Frequently Asked Map Questions

Q. All I want to do is buy a no-till drill. Do I still have to provide all this mapping information?
A. No. You are exempt from this requirement.

Q. As a sponsor what do I have to submit?
A. Requirements for sponsored applications are the same as those for any other applicant. A map of the operation is required.

Q. My agricultural operation consists of five separate parcels? How should I draw them?
A. Draw them as five separate parcels unless they have common boundaries. Those parcels may be drawn with a common exterior perimeter if you desire.

Attachment 8

Tax Credit Brokers

Fallbrook Credit Finance, LLC
26610 Agoura Road, Suite 120
Calabasas, CA 91302
(818) 657-6103 Direct Line
(818) 657-6100 Main Line
(818) 657-6146 Fax
Justin Gordon
justin@fallbrookcredits.com
www.fallbrookcredits.com

KIZ Resources, LLC
1637 E Pleasant Valley Blvd
Altoona, PA 16602
Phone: 814-296-2414
Fax: 814-941-2424
lindseybennett@kizresources.com

MSC Business Services
P O Box 8736
Camp Hill, PA 17001-8736
Phone: 717-731-3517
Fax: 717-731-3546
Michael Evanish, Manager
mwevanish@pfb.com

Tax Credit Services, LLC
227 Jefferson Ave
Tyrone, PA 16686
Phone: 866-478-8795
Fax: 866-798-9137
John Horell
info@pataxcredits.com

Tax Credits, LLC
242 Old New Brunswick Road, Suite 145
Piscataway, NJ 08854
Phone: 732-885-2930
Cell: 908-247-3087
Fax: 732-885-2938
Kenneth Blaine
KBlaine@taxcreditsllc.com

MVM Associates, Inc.
426 Pennsylvania Avenue Suite 110
Fort Washington, PA 19034
Phone: 215-540-8463
Fax: 215-540-8455
http://www.mvmgrants.com
Michael V. McCann
mikem@mvmgrants.com

Tax Credits, LLC
242 Old New Brunswick Road, Suite 145
Piscataway, NJ 08854
Phone: 732-885-2930
Cell: 908-247-3087
Fax: 732-885-2938
Kenneth Blaine
KBlaine@taxcreditsllc.com

Disclaimer: This attachment is provided for informational purposes only. The Commission is aware that these private organizations provide services related to the sale of tax credits, but neither endorses these organizations, guarantees their services, nor the sale price of any tax credit. In addition, the Commission may be unaware of the existence of other organizations that provide tax credit sale services. Their exclusion from this list does not imply anything regarding their services.

Attachment 9

Definitions

Act 55 of 2007 (Section 1702-E)

"Agricultural Erosion and Sedimentation Control Plan." site-specific plan that:

1. Meets the requirement of the Act of June 22, (1937 P.L. 1987, No 394), known as the Clean Streams Law and 25 PA. Code Chapter 102 (relating to erosion and sediment control);
2. Identifies best management practices to minimize accelerated erosion and sediment from an agricultural operation.

"Agricultural Operation." The property on which occur the management and use of farming resources for the production of crops, livestock or poultry or for equine activity.

"Animal Concentration Areas." An exterior area of an agricultural operation subject to rainfall where livestock congregate, including a barnyard, a feedlot, a loafing area, an exercise lot or other similar animal confinement area that will not maintain a growing crop, or where deposited manure nutrients are in excess of crop needs. The term does not include areas managed as pasture or other cropland and pasture access ways if they do not cause direct flow of nutrients to surface water or groundwater.

"Best Management Practice." A practice or combination of practices determined by the State Conservation Commission or United States Department of Agriculture Natural Resources and Conservation Service to be effective and practical, considering technological, economic and institutional factors, to manage nutrients and sediment to protect surface water and groundwater.

"Business Firm." An entity authorized to do business in this Commonwealth and subject to the taxes imposed by Article III, IV, VI, VII, VIII, IX or XV.

"Commission." The State Conservation Commission.

"Conservation District." A county conservation district established under the Act of May 15, 1945 (P.L.547, No.217) known as the Conservation District Law.

"Conservation Plan." A plan, including a schedule for implementation, that identifies site specific conservation best management practices on an agricultural operation.

"Department." The Department of Revenue of the Commonwealth.

"Eligible Applicants." A business firm or an individual who is subject to the taxes imposed by Article III, VI, VII, VIII, IX or XV.

"Equine Activity." The term includes the following activities: the boarding of equine; the training of equine; the instruction of people in handling, driving or riding equine; the use of equine for riding or driving purposes; the pasturing of equine.

The term does not include activity licensed under the Act of December 17, 1981 (P.L. 435, No. 135), known as the Race Horse Industry Reform Act.
"Individual." A natural person.

“Legacy Sediment.” Sediment that meets all of the following conditions:

1. Was eroded from upland areas after the arrival of early Pennsylvania settlers and during centuries of intensive land use.
2. Was deposited in valley bottoms along stream corridors, burying presettlement streams, floodplains, wetlands and valley bottoms.
3. Altered and continues to impair the hydrologic biologic, aquatic, riparian and water quality functions of presettlement and modern environments.

“Nutrient Management Plan.” As defined under 3 PA.C.S. CH. 5 (Relating to nutrient management and odor management).

“Nutrient Management Specialist.” As defined under 3 PA.C.S. CH. 5 (Relating to nutrient management and odor management).

“Pass-through Entity.” A partnership as defined in Section 301 (N.0) or a Pennsylvania corporation as defined in Section 301 (N.1).

“Qualified Tax Liability.” The liability for taxes imposed upon and eligible applicant under Article III, IV, VI, VII, VII, IX or XV. The term shall not include any tax withheld by an employer from an employee under Article III.

“Riparian Forest Buffer.” An area of mostly trees or shrubs which is adjacent to and up-gradient from watercourses or water bodies and which meets standards established by the United States Department of Agriculture Natural Resources and Conservation Service.

“Technical Service Provider.” An individual, entity or public agency certified by the United States Department of Agriculture Natural Resources and Conservation Service and placed on the approved list to provide technical services to program participants or to the United States Department of Agriculture program participants.

“USDA-NRCS.” United States Department of Agriculture Natural Resources and Conservation Service.

……

Terms not found in Act 55, as defined by the Commission:

“Sponsor.” A business subject to the following Pennsylvania Taxes (personal income tax, corporate net income tax, capital stock and franchise tax, bank shares tax, title insurance company premiums tax, insurance premiums tax, and mutual thrift institutions tax) which receives a REAP Tax Credit equal to the amount of money it contributes toward eligible farm conservation projects. In return, the business receives its entire investment back in the form of a tax credit. Agricultural operations provide the matching funds. The sponsor is the applicant for the REAP Tax Credit.

“Agricultural Operation.” - as it relates to the $150.000.00 life time cap. Please see attachment 10 for complete definition.

Attachment 10

Application of Tax Credit Limitations for Agricultural Operations:

For purposes of evaluating REAP applications and applying tax credit limits prescribed in Section 1703-E (B) of the Act, the Commission will consider an eligible applicant as a single "agricultural operation" where …

all tracts of land, whether contiguous or non-contiguous,

are under the common ownership and or common management control of the person, whether as an individual, corporation, partnership or other legal entity, applying for the REAP tax credit and have organizational structures that include or retain the same or significantly similar ownership, management, directors, officers or shareholders

or which utilize substantially common management or production resources such as land, equipment, labor, accounting and business systems to support one or more farm enterprises, partnerships, corporations or other farm related entity.

These entities with significantly similar organizational structures or which utilize substantially common management or production resources will be considered a single "agricultural operation" for purposes of REAP tax credits.

Attachment 11

REAP Cover Crop Guidelines

***See REAP Application p17 for the Cover Crop Job Sheet**

REAP requirement of Cover Crop Best Management Practice (BMP)

Cover Crop

Practice Code:	340
Reportable Units:	Ac.
Lifespan:	Annual
Tax Credit Rate:	50%
Additional Information:	Only completed projects are eligible. Tax credits are capped at $35/acre for single species plantings and $45/acre for multi-species plantings. Multi-species plantings must include both a grass species **and** a broadleaf species.
REAP Conditions:	Only seed and planting cost for the initial year of the practice are eligible. *(please refer to the NASS custom planting rates, if necessary)* The practice is allowed only once per crop management unit (field). Please provide a map of planting locations. Spreading of manure during winter must be consistent with a current Nutrient Management/Manure Management Plan. All seed purchased for cover crop must be tested and properly labeled in accordance with the PA Seed Law and regulations. If the grower elects to use home grown seed, it must be tested for purity, germination and absence of noxious weeds by a recognized seed laboratory prior to seeding. Harvesting of the cover crop as grain is not allowed.
Certification Requirements:	Completion of the **REAP Cover Crop Job Sheet (p17)** is required.

Purpose: Cover Crops have multiple purposes that benefit many aspects of the land. Check all that apply to this field.	
Reduce erosion from wind and water	Weed suppression
Increase soil organic matter content	Provide supplemental forage
Capture and recycle or redistribute nutrients in the soil profile	Soil moisture management
Promote biological nitrogen fixation	Reduce particulate emissions into the atmosphere
Increase biodiversity	Minimize and reduce soil compaction

Attachment 12

REAP Equipment Trade-In/Trade-Up Policy

This policy applies to the following equipment: No-Till Planters and Drills, Low Disturbance Residue Management, Low Disturbance Manure Injection, Precision Fertilizer Application Equipment.

In some circumstances, an applicant may wish to sell or trade in a piece of equipment for which the applicant has received a REAP tax credit prior to the expiration of the required lifespan under the REAP program (7 years for new equipment, 3 years for used equipment) for a comparable or larger piece of eligible equipment. The following policy is in effect for these instances.

- If a REAP tax credit recipient wishes to trade in a piece of equipment for which a REAP tax credit was received prior to the expiration of the lifespan, the applicant must immediately make a request to the Commission in writing.

- The Commission will consider the request for a "waiver" of the lifespan requirement if the applicant is trading or selling the original piece(s) of equipment for another piece of low disturbance residue management equipment which will allow the farmer to utilize the equipment on a comparable or larger number of acres.

- An "Equipment Certification Form" must be submitted for the new piece of equipment.

- The applicant will be eligible for a REAP tax credit, up to the maximum $150,000 per applicant, which equals the difference between the credit received on the originally purchased piece of equipment, and the eligible credit on the new equipment. The applicant must submit a new application for these costs.

- If the applicant receives REAP tax credits for the difference between the cost of the original equipment and the cost of the new equipment, the lifespan requirement "starts over" with the new piece of equipment.

- If the applicant does not wish to apply for additional REAP tax credits, the lifespan for the original equipment will pass over to the "new equipment." The new equipment must be used until the lifespan requirement of the original piece of equipment has been met.

- If the recipient of a tax credit sells equipment for a REAP tax credit was received (prior to the expiration of the lifespan) without replacing it with a comparable piece of REAP-eligible equipment, the recipient may be required to repay a prorated portion of the tax credit.

- If the recipient of a tax credit does not provide prior written notification to the Commission that the recipient requests to trade in or sell a piece of equipment for which a REAP tax credit has been received, the recipient is subject to the provisions of the REAP statute which require the recipient to return to the Department of Revenue the full amount of the tax credit originally granted.