

Resource Enhancement and Protection Program



Guidelines

Fiscal Year 2019

(July 1, 2019 – June 30, 2020)

State Conservation Commission
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General Information

A. Introduction

The Resource Enhancement and Protection Program (REAP) was created in 2007 (P.L. 373, No. 55, July 25, 2007) and amended in 2019 (P.L., No. 13, June 28, 2019). The REAP program is designed to enhance farm production and protect natural resources by enabling farmers, landowners, and businesses to earn Pennsylvania state income tax credits in exchange for implementing “Best Management Practices” (BMPs).

Thirteen million in REAP tax credits is available annually to individuals and businesses that meet the eligibility requirements for the program. Guidelines for the program are established and administered by the State Conservation Commission.

Eligible applicants receive 50%-75% of out-of-pocket project costs in the form of state tax credits - up to \$250,000 in any 7-year period, per agricultural operation. The amount of REAP credits available to an eligible applicant depends on the type of BMP implemented. See Attachment 1 for a list of REAP Eligible BMPs.

B. Applicant Eligibility

To be eligible for the REAP program, an applicant must meet the following criteria:

1. The applicant must be an individual or business who is subject to taxation by the Commonwealth of Pennsylvania under the following state taxes: 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.
2. The agricultural operation must be in compliance with the PA Clean Streams Law. As such, the operation must have the following:
 - i) A current Agricultural E&S Plan or Conservation Plan for all acres that are under management control (owned/operated) - in the year that they are applying for REAP Tax Credits. The applicant must be on-schedule for full implementation of the plan.
 - ii) A current Nutrient Management Plan or Manure Management Plan (as required by law) for all acres under management control if they generate/utilize manure and/or other organic sources of plant nutrients (e.g. biosolids) – in the year that they are applying for REAP Tax Credits. The applicant must be on-schedule for full implementation of the plan.
3. An agricultural operation with animal concentration areas (ACAs) on any portion of the operation under its management control, must first implement all best management practices necessary to abate nutrient runoff, sediment runoff, and storm water runoff from these areas before receiving tax credits for other REAP-eligible BMPs. Any REAP-approved BMPs necessary to properly treat an ACA under your management control are eligible for REAP tax credits. However, REAP credits may be awarded for development of Nutrient/Manure Management & Ag E&S/Conservation Plans prior to full implementation of ACA-related BMPs.
4. If you do not have a current Agricultural E&S Plan/Conservation Plan and/or a current Nutrient Management/Manure Management Plan (as required by law), your application must include documentation of the development of these plans. No REAP credits will be awarded for any other eligible BMP or equipment until plans are complete and certified.

C. Sponsorship

An eligible applicant (individual or business entity) may act as a sponsor of a REAP-eligible project. A sponsor provides funding to an eligible ag operation for the REAP-eligible BMPs. REAP credits are awarded directly to the sponsor. A sponsor is defined in Attachment 7. Typical examples of sponsors include: banks/lending institutions, businesses, and individuals/family trusts. For projects involving a sponsor, the Commission requires a signed written agreement between the sponsor (applicant) and the owner/operator of the property on which the project will be completed, certifying that the operator will comply with all the requirements associated with the REAP tax credit. A sample Sponsor agreement is available upon request. Please contact the Commission for more information regarding Sponsorship.

D. Project Eligibility

Applications are accepted on a first-come, first-served basis. The following are considered eligible costs of a project to which a tax credit may be applied:

- Project management costs, including design, engineering and associated planning
- Project construction or installation – including labor provided by the applicant
- Equipment, materials and other components of eligible projects
- Post construction inspections
- Interest payments on loans for project implementation for up to one year

All BMPs must be necessary to reduce pollution from nitrogen and/or phosphorus and/or sediment runoff into surface waters to be eligible for REAP tax credits.

All costs associated with an eligible project may be included in a REAP application. Projects involving other public funding programs (i.e. EQIP, Chesapeake Bay, Growing Greener) are eligible to receive REAP credits. However, no tax credit will be provided for a publicly funded portion of a project.

Projects are eligible for REAP tax credits until the BMP's REAP lifespan has expired. Life spans established by the Commission for specific practices are found in Attachment 1 and are typically 5-10 years.

An agricultural operation is eligible for a maximum of \$250,000 of REAP tax credits in any consecutive 7-year period as calculated from the fiscal year in which the credit is issued.

The Commission may establish a list of BMPs for which applicants are eligible to receive REAP credits equal to 90% of out-of-pocket installation costs. The Commission may also establish a list of watersheds in which applicants are eligible to receive REAP tax credits equal to 90% of out-of-pocket installation costs. Projects completed after July 1, 2019 that meet the Commission's requirements for the 90% credit rate will be considered eligible.

Any of the above costs for services provided by a Conservation District or private sector technical service provider charging a fee are eligible costs. However, REAP application/verification fees are not eligible costs nor are fees charged by consultants to complete a REAP application.

The REAP tax credit must be returned if the BMP is not maintained and managed for the life span of the practice. 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 awarded.

If the recipient of the REAP tax credit provides prior written notification to the Commission that the BMP will not be maintained 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 REAP tax credit that shall be returned based on the remaining lifespan of the BMP.

The Commission has established a trade-in policy for no till equipment (and other equipment) for trade-ins that occur before the established lifespan of the equipment has expired. See Attachment 9 for more information on this policy.

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

E. Tax Credits

The PA Department of Revenue will review an approved applicant's compliance with the Commonwealth's tax laws and regulations prior to awarding REAP tax credits.

REAP tax credits can be used to pay PA income tax, dollar for dollar. The tax credit may be used for up to 15 years from the date it is awarded - applying the credit on each annual PA tax return until it is depleted. In addition, a spouse can use the REAP credit through a jointly-filed PA return.

A tax credit awarded in accordance with the guidelines of the REAP program must first be applied against the awardee's: Personal Income Tax, Corporate Net Income Tax, Bank Shares Tax, Title Insurance Company Tax, Insurance Premiums Tax, and Mutual Thrift Institutions Tax for the taxable year during which the credit is awarded (the effective date on the credit certificate). The unpaid tax liability must be satisfied before any portion of the credit can be carried forward to satisfy the tax liabilities for future years or be sold or passed-through.

1. To claim the tax credit, the awardee must return the tax credit claim form – found on the reverse of the credit certificate - to the Department of Revenue.
2. The tax credit may be carried over and applied to succeeding taxable years up to 15 years from the effective date the tax credit.
3. An awardee may not carry back or obtain a refund of all or any portion of an unused tax credit granted under this program.
4. To pass through this credit to the shareholders, members or partners, please return the tax credit claim form to the Department of Revenue. Do not include the claim form with any tax report.

The REAP tax credit may be sold or transferred to another PA taxpayer.

1. An awardee, upon application to and approval by SCC, may sell or assign, in whole or in part, unused credits to an identified buyer, one calendar year from the effective date on the credit certificate.
2. Before an application to sell or assign tax credits will be approved, the Department of Revenue must find that the applicant has filed all required state tax reports and returns for all applicable tax years and paid any balance of state tax due as determined by the Department of Revenue.
3. Once a sale or assignment is approved, it is final, and the seller's or assignor's right to claim the credit is terminated. Buyers may not resell or reassign tax credits.
4. The assignee or purchaser of tax credits shall immediately claim the credits in the taxable year in which the purchase or assignment is made. The purchaser or assignee may not carry forward, carry back or obtain a refund of the tax credit.

Individuals who have been awarded REAP credits may directly arrange the sale or transfer of REAP credits to any eligible buyer. In addition, a list of private brokers who can assist with the sale of tax credits is found in Attachment 11 - or on the REAP webpage.

The REAP Tax Credit Sale Application packet is available on the REAP webpage or by calling the Commission at 717-787-8821. Please refer to the packet for additional details regarding the sale of REAP tax credits.

F. Application Procedures

Applications will be accepted for projects that are **proposed** or **completed** (or mixed) at the time of application. Applications are accepted on a first-come, first-served basis.

Proposed projects must be based on a reasonable cost estimate and/or a current site Inventory and Evaluation (I&E) that has been developed by a person with appropriate NRCS job approval authority or equivalent experience/training. Applications for proposed projects must include an estimated timeline for completion.

Projects that include the proposed purchase of equipment must be completed by **June 30, 2020**. Projects involving the implementation of structural BMPs must be complete by **June 30, 2021** to be eligible. If the approved projects are not completed within the specified time frames, the proposed projects may be removed from the program. Implementation schedules may be extended past the dates approved with the application, on a case-by case basis at the discretion of the Commission, if the applicant notifies the Commission of the delay.

REAP credits for eligible multi-year projects will be reserved from the allocation of the fiscal year in which the application is approved. Tax credits are awarded upon completion of the approved project.

Upon completion of the eligible project, the applicant must provide to the Commission paid receipts for the project and signed project certification information from a qualified individual. All projects must meet the design and certification standards established by the Commission.

The Commission will process all FY 2019 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. An approved project is authorized to receive REAP tax credits.

The PA Department of Revenue will conduct a compliance check to determine the status of the applicant regarding all relevant state tax reports and returns. Within 60 days of notice from the Commission, the PA Department of Revenue will issue a notice of award of a tax credit.

If the PA Department of Revenue deems that the applicant is non-compliant with regards to the required state tax reports, 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 project will be removed from the REAP program.

The Commission will consider applications 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 credits.

For all issues not specifically addressed by these guidelines, please refer to the provisions of Act 13 of 2019, 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.

Applications will be accepted beginning **September 18th, 2019**. Applications may be delivered to the Commission office at the following address:

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

E-mailed applications should be sent to: jsemke@pa.gov. Faxed applications will not be accepted.

The following is a list of the most-commonly used REAP-eligible BMPs. Please contact the SCC if you have questions regarding a specific BMP or water-quality project that is not listed below.

Planning BMPs

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

Lifespan: 3 years
Tax Credit Rate: 75%
Additional Information: Refer to [Attachment 2](#)
REAP Conditions: The plan must meet the requirements of Chapter 102 of the PA Clean Streams Law
Certification Requirements: The Ag E&S Plan shall be prepared by a person trained and experienced in Agricultural E&S control methods and techniques applicable to the size and scope of the project being designed.

Conservation Plan

Lifespan: 3 years
Tax Credit Rate: 75%
Additional Information: Refer to [Attachment 2](#)
Certification Requirements: The plan must be written by a NRCS certified conservation planner.

Manure Management Plan (MMP)

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: The plan must meet the standards of Chapter 91 of the PA Clean Streams Law

Nutrient Management Plan

Lifespan: 3 years
Tax Credit Rate: 75%
Additional Information: Refer to [Attachment 3](#). Must meet Act 38 Standards.
Certification Requirements: Must be written by an Act 38 certified specialist.

Equipment BMPs

Composting Equipment

Lifespan: New Equipment - 7 years, Used Equipment - 3 years
Tax Credit Rate: 50%
Additional Information: Compost screeners, turning equipment, baggers, etc. as approved by the Commission
REAP Conditions: Composting must be included in the operation's Nutrient/Manure Management Plan.

Cover Crop Rollers and Roller Attachments

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

Manure Incineration Equipment

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: Incineration must be included in the operator's Nutrient/Manure Management Plan

Manure Injection Equipment – Low Disturbance

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

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.

No-Till Planting Equipment – Planter or Drill

Lifespan: New Equipment - 7 years, Used Equipment - 3 years
Tax Credit Rate: 50%
Additional Information: Refer to [Attachment 5](#)
Certification Requirements: Requires Equipment Dealer Certification

Precision Nutrient Application Equipment

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 perform with variable rate application capabilities.
Certification Requirements: Requires Equipment Dealer Certification

Residue Management Equipment – Low Disturbance

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

Constructed BMPs

Access Road

NRCS Practice Code: 560
Lifespan: 5 years
Tax Credit Rate: 50%
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

NRCS Practice Code: 316
Lifespan: 10 years
Tax Credit Rate: 50%
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

NRCS Practice Code: 575

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.

Closure of Waste Impoundments

NRCS Practice Code: 360
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/Manure Management Plan.
Certification Requirements: Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.

Composting Facility

NRCS Practice Code: 317
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

NRCS Practice Code: 656
Lifespan: 5 years
Tax Credit Rate: 50%
Certification Requirements: Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.

Cover Crop

NRCS Practice Code: 340
Lifespan: Annual
Tax Credit Rate: 50%
Additional Information: Refer to Attachment 11
REAP Conditions: Applicants may include 3 years of proposed plantings. Invoices must be submitted at the end of each year's establishment. Burndown, nutrient applications, and lime are not eligible.
Certification Requirements: Completion of the Cover Crop – Job Sheet (Application p 14) is required.

Critical Area Planting

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

Diversion

NRCS Practice Code: 362
Lifespan: 5 years
Tax Credit Rate: 50% or 75% (rate when used for ACA treatment)
Certification Requirements: Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.

Fence

NRCS Practice Code: 382
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 Prescribed Grazing (528) only. REAP tax credits will be authorized for establishing fencing permanent fence utilizing new materials – unless otherwise justified by Prescribed Grazing. 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

Grassed Waterway

NRCS Practice Code: 412

Lifespan: 5 years

Tax Credit Rate: 50% or 75% (rate when used for ACA treatment)

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

Heavy Use Area Protection

NRCS Practice Code: 561

Lifespan: 10 years

Tax Credit Rate: 50% or 75%

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

Lined Waterway or Outlet

NRCS Practice Code: 468

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

NRCS Practice Code: 500

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 or for expansion of crop fields.

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

Pipeline

NRCS Practice Code: 516

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.

Poultry/Livestock Housing Vegetative Buffers

NRCS Practice Code: 380 (Windbreak/Shelterbelt Establishment)

Lifespan: 10 years

Tax Credit Rate: 50%

Additional Information: Plantings must conform to USDA/NRCS Windbreak/Shelterbelt Establishment (380)-Technical Note No. 1, SCC Odor Management BMP Guide

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 Waste Water Control

NRCS Practice Code: 533

Lifespan: 10 years

Tax Credit Rate: 50%

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

Riparian Forest Buffer

NRCS Practice Code: 391

Lifespan: 15 years
Tax Credit Rate: 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.
Additional Information: [NRCS Practice Guide for Riparian Forest Buffers](#), [PA DEP Riparian Forest Buffer Guidance](#)
REAP Conditions: Riparian buffer establishment only. This practice is available to agricultural and non-agricultural operations.
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 Forest Buffer Maintenance

NRCS Practice Code: 391
Lifespan: annual
Tax Credit Rate: 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.
Additional Information: [NRCS Practice Guide for Riparian Forest Buffers](#), [DEP Riparian Forest Buffer Guidance](#) (pp10-11)
REAP Conditions: Maintenance activities performed to ensure the survival and growth of riparian buffer plantings, in accordance with long-term buffer operation and maintenance, are eligible – including: mowing, applications of herbicide, vegetation removal, control of noxious weeds, protections from competing plants/animals.
Certification Requirements: Any Conservation district, NRCS employee, NRCS Certified Technical Service Provider, DEP employee, or private sector 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.
Completion of the Riparian Forest Buffer Maintenance Worksheet (Application p 15) is required.

Riparian Herbaceous Cover

NRCS Practice Code: 390
Lifespan: 5 years
Tax Credit Rate: 50%
REAP Conditions: 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

NRCS Practice Code: 558
Lifespan: 5 years
Tax Credit Rate: 50% or 75% (rate when used for ACA treatment)
REAP Conditions: This practice includes roof gutters and downspouts and shall only be applied to locations where runoff from farm buildings is causing severe erosion and/or transporting pollutants from animal wastes. Practice must include establishment of a stable outlet (see Underground Outlet). Repairs to a roof in preparation for this practice are not eligible for REAP tax credits.
Certification Requirements: Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.

Roofs and Covers

NRCS Practice Code: 367
Lifespan: 10 years
Tax Credit Rate: 50% or 75% (rate when used for ACA treatment)
Additional Information: The Roofed Storage/Roofed ACA worksheet (p 13 of Application) must be submitted along with the application.
REAP Conditions: Practice applies to construction of roofing over Waste Storage Facility (313) and/or Heavy Use Area Protection (561). SCC staff site visit required. Roofs over new permanent animal housing (barns) are not eligible for REAP credits.
Certification Requirements: Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.

Sediment Basin

NRCS Practice Code: 350
Lifespan: 5 years
Tax Credit Rate: 50%
REAP Conditions: Basins associated with new animal housing are not eligible for REAP credits. If other REAP-eligible BMPs are associated with the practice, a prorated portion of the basin may be eligible.
Certification Requirements: Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.

Silage Leachate Management

Practice Code:
Lifespan: Equal to longest component BMP lifespan, not to exceed 15 years
Tax Credit Rate: 50%
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 Treatment

NRCS Practice Code: 527
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

NRCS Practice Code: 632
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

NRCS Practice Code: 574
Lifespan: 5 years
Tax Credit Rate: 50%
REAP Conditions: Eligible in conjunction with Prescribed Grazing (528) only. Subsurface drainage (606) is authorized for supplying a viable water source needed for the livestock and in conjunction with providing a stable outlet. Practice may include a maximum of 1,200 feet of 4-inch collection line only. For collection systems greater than 1,200 feet, SCC staff approval is required. 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

NRCS Practice Code: 578
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

NRCS Practice Code: 580
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.

<i>REAP Conditions:</i>	Used to stabilize stream banks eroded due to excessive water flow or livestock activity.
<i>Certification Requirements:</i>	Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.
Structure for Water Control	
<i>NRCS Practice Code:</i>	587
<i>Lifespan:</i>	5 years
<i>Tax Credit Rate:</i>	50% or 75% (rate when used for ACA treatment)
<i>REAP Conditions:</i>	REAP tax credits not authorized for the installation of structures designed to impound water for irrigation, recreation, household water, or to create ponds.
<i>Certification Requirements:</i>	Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.
Subsurface Drain	
<i>NRCS Practice Code:</i>	606
<i>Lifespan:</i>	5 years
<i>Tax Credit Rate:</i>	50%
<i>REAP Conditions:</i>	Subsurface drainage is eligible only as a companion practice for primary structural BMPs. REAP tax credits for 606 are not authorized for non-structural or vegetative practices such as Conservation Cover (327), Contour Farming (330), Cover Crop, Forage and Biomass Planting.
<i>Certification Requirements:</i>	Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.
Terrace	
<i>NRCS Practice Code:</i>	600
<i>Lifespan:</i>	5 years
<i>Tax Credit Rate:</i>	50%
<i>REAP Conditions:</i>	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.
<i>Certification Requirements:</i>	Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.
Underground Outlet	
<i>NRCS Practice Code:</i>	620
<i>Lifespan:</i>	5 years
<i>Tax Credit Rate:</i>	50% or 75% (rate when used for ACA treatment)
<i>REAP Conditions:</i>	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.
<i>Certification Requirements:</i>	Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.
Vegetated Treatment Area	
<i>NRCS Practice Code:</i>	635
<i>Lifespan:</i>	5 years
<i>Tax Credit Rate:</i>	50% or 75% (rate when used for ACA treatment)
<i>REAP Conditions:</i>	Permanent vegetation used for agricultural wastewater treatment is eligible for REAP credits.
<i>Certification Requirements:</i>	Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.
Waste Storage Facility	
<i>NRCS Practice Code:</i>	313
<i>Lifespan:</i>	10 years
<i>Tax Credit Rate:</i>	50%
<i>Additional Information:</i>	If BMP includes a roof structure, the Roofed Storage/Roofed ACA worksheet (page 13 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.
<i>REAP Conditions:</i>	SCC staff site visit required to prior to BMP approval for the roof structure component
<i>Certification Requirements:</i>	Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.
Waste Transfer	
<i>NRCS Practice Code:</i>	634
<i>Lifespan:</i>	10 years
<i>Tax Credit Rate:</i>	50%

REAP Conditions: Eligible in conjunction with Waste Storage Facility. 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.

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

Waste Treatment

NRCS Practice Code: 629

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.

Water Well

NRCS Practice Code: 642

Lifespan: 5 years

Tax Credit Rate: 50%

REAP Conditions: Eligible in conjunction with Prescribed Grazing (528) only. REAP tax credits not authorized for: 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

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 providing water for the farm headquarters; domestic use.

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% <i>cover</i> * adjacent to <i>surface water</i> **, which degrades <i>surface water</i> ** quality.	Cropland with <25% <i>cover</i> * within 100’ of <i>surface water</i> ** 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 <i>surface water</i> **/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 or a voluntary Act 38 Nutrient Management Plan in order to be eligible for REAP tax credits.

Nutrient Management Plans written under Natural Resources Conservation Service (NRCS) Comprehensive Nutrient Management Plans (CNMPs) or NRCS 590 standard, 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/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.

REAP Planning Questionnaire

must be completed with all REAP applications for Nutrient Management Plans and/or Manure Management Plans

“My operation generates or utilizes manure. What type of manure plan do I need?”

1. Is your operation a CAO or CAFO?

YES



Your operation needs an approved Act 38 Nutrient Management Plan (NMP).

NO



2. Are you interested in participating in Act 38 as a volunteer (VAO)? VAOs can benefit from the limited legal protections provided by an approved Act 38 NMP.

YES



Your operation needs an approved Act 38 Nutrient Management Plan (NMP).

NO



3. Are you interested in applying for funding from USDA/NRCS to help install ag BMPs?

YES



It could benefit you to have NRCS 590 Standard NMP developed as part of your NRCS Conservation Plan. NRCS 590 Standard Plans are written to Act 38 standards. NRCS Plans must be approved by NRCS. (see footnote)

NO



4. Are you interested in the additional crop-year-specific agronomic information that an NMP contains?

YES



It could benefit your operation to have an NMP developed by an Act 38 certified specialist. An NMP written to Act 38 standards will contain more information for your operation than a DEP Manure Management Plan (see below).

NO



A PA DEP Chapter 91 Manure Management Plan (MMP) will meet your needs.

Types of operations best-served by an MMP:

1. Operations with few animals
2. Grazing-intensive operations
3. Operations with large acreage available for manure spreading

Footnote: NMPs that do not go through the Act 38 approval process (see questions 3 and 4) do not confer any of the limited legal protections provided by Act 38.

Verification Signatures

Verification Signatures for REAP Eligibility

Applies to: REAP Application Section 2 (p4)

The individual signing the Verification Page in Section 2 of the REAP application is verifying that the applicant's answers to questions on pp2-3 of the REAP application are accurate and true.

For example, if the applicant indicates that plans exist on all acres operated and are fully implemented, the verifier is certifying that to be true. If the applicant indicates that plans do not exist or are not fully implemented, the verifier is certifying that applicant either: is applying for cost associated with plan writing; does not need the plans in question; or the applicant's explanations regarding development of plans and timeline of implementation is true. If an applicant's answers are not accurate or true, the verifier should not certify (by signing p4) the REAP application.

The individual signing the Verification Page must not have a potential conflict of interest with the applicant. The individual shall not verify an application pertaining to their own farming operation, an application for immediate family members (parent, spouse, child, brother, or sister), or a business with which the individual or a member of their immediate family is associated.

Please note that BOTH Section 2A and Section 2B must be verified on p4 of the application by a qualified individual, even if there are no animals present on the operation. If an applicant answers "NO" to question B1. on p2, the accuracy of that answer must be verified on p4.

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

- Conservation District employees with appropriate training and experience
- 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 p4 of the REAP application. Please attach the USDA/NRCS form***
- Qualified Technical Service Providers (TSPs) – those in the TSP registry and certified to write conservation plans. Also, individuals with current certification under Act 38 of 2005 are qualified to provide verification signatures.

Verification signatures provided by qualified staff at the County Conservation District do not require an action of the District Board.

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

Verification Signatures for Equipment Purchases

Applies to: REAP Application pp10-12

For equipment purchases, equipment dealers and others as determined by the Commission (on a case-by-case basis) are qualified under the REAP program to sign the "Dealer Certification" forms in the REAP Application.

The individual signing on the Dealer Certification forms must not have a conflict of interest with the applicant. The individual cannot certify their own equipment, equipment purchased by an immediate family member, or a business with which the individual or a member of immediate family is associated.

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

REAP No-Till and Precision Ag Equipment Requirements

*Applications for no-till equipment and precision ag equipment must meet **ALL** other 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 2019 program, delivery of all equipment must take place by **June 30, 2020**.

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 9 for the REAP Equipment Trade-In/Trade-Up Policy****

No-Till Planting Equipment

Equipment qualifications:

- The no-till planter or drill must be capable of placing seeds at the optimum depth for germination and growth in un-tilled soil with residue cover.
- The equipment is certified to meet the above criteria by a qualified farm equipment dealer authorized by the Commission - REAP No-Till Equipment Purchase Certification (Application p10).
- Applicants must sign the same form – certifying that the equipment will be used as intended.
- New equipment shall have a REAP lifespan of 7 years. Used equipment shall have a lifespan of 3 years.
- Used equipment sold privately must be certified by a dealer representative to meet the above used equipment criteria. (p10)
- All wear items must meet or exceed manufacturer's guidelines for wear replacement parts as certified by a qualified equipment dealer.
- The cost of operator-installed parts, repair or refurbishing of existing equipment is ineligible for REAP Tax credits

Note: Drills used for inter-seeding cover crops are eligible for REAP credits.

Precision Nutrient Application Equipment

Equipment qualifications:

- The equipment must be capable of applying nutrients 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 are eligible.
- 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 p11)
- Applicants must sign the same certification (p11) stating that the equipment will be used, as intended - consistent with a current Nutrient/Manure Management Plan.
- New equipment shall have a REAP lifespan of 7 years. Used equipment shall have a REAP lifespan of 3 years.
- Used equipment sold privately must be certified by a qualified farm equipment dealer to meet the above used equipment criteria. (p11)

Precision Nutrient Application equipment purchased after Jan 1, 2015 is eligible for REAP tax credits.

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 FY 2019 REAP program, delivery of all equipment must take place by **June 30, 2020**.

All applicants for Low-Disturbance Manure Injection Equipment and/or Low-Disturbance Residue Management Equipment must attach an invoice, receipt, sales order, or price quote which shows the purchase price of the equipment. If the equipment has been delivered at the time of application, the applicant must also provide the serial number of the equipment.

The Commission 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 Commission 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 Commission.

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

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

****see Attachment 9 for the REAP Equipment Trade-In/Trade-Up Policy****

Low Disturbance Manure Injection Equipment

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 Manure Injection Equipment Low Disturbance Residue Management Equipment/ Purchase Certification," (Application p12)
- New equipment shall have a REAP lifespan of **7 years**. Used equipment shall have a REAP lifespan of **3 years**.
- Used equipment sold privately must also be certified by a dealer representative to meet the above equipment criteria.
- All wear items must meet or exceed manufacturer's guidelines for wear replacement parts as certified by a qualified equipment dealer.
- The costs of operator-installed parts, repair or refurbishing of existing equipment is ineligible for REAP Tax credits

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

Low-Disturbance Residue Management Equipment

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 with disks must use disks with no concavity.

- Equipment must be set up and operated to leave a minimum of 60% residue cover on the surface.
- Equipment should be operated at an average depth of 2 inches.
- Seed boxes that attach directly to eligible equipment are eligible.
- 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.
- 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 shall have a REAP lifespan of **3 years**.
- Used equipment sold privately must also be certified by a dealer representative to meet the above equipment criteria. (*Application p12*)
- All wear items must meet or exceed manufacturer's guidelines for wear replacement parts as certified by a qualified equipment dealer.
- The costs of operator-installed parts, repair or refurbishing of existing equipment does not qualify for REAP tax credits.

Note: Equipment whose main function is secondary tillage, seed-bed preparation, or cultivation is not eligible.

Attachment 7

Definitions

Act 13 of 2019 (Section 1702-E)

AGRICULTURAL EROSION AND SEDIMENTATION CONTROL PLAN - A site-specific plan that:

- (1) meets the requirements of the act of June 22, 1937 (P.L. 1987, No. 394), known as The Clean Streams Law, and 25 Pa. Code Ch. 102 (relating to erosion and sediment control); and
- (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 a pasture or other cropland and pasture accessways 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 United States Department of Agriculture Natural Resources Conservation Service 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 - Any of the following subject to the taxes imposed by Article III, IV, VI, VII, VIII, IX or XV:

- (1) A business firm.
- (2) An individual.
- (3) Individuals filing jointly.

EQUINE ACTIVITY - The term includes the following activities:

- (1) The boarding of equines.
- (2) The training of equines.
- (3) The instruction of people in handling, driving or riding equines.
- (4) The use of equines for riding or driving purposes.
- (5) The pasturing of equines.

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 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.

MANURE MANAGEMENT PLAN - A written site-specific plan that:

- (1) outlines practices for the land application of manure and agricultural process wastewaters acceptable to the commission; and
- (2) is developed to meet the requirements of 25 Pa. Code § 91.36(b) (relating to pollution control and prevention at agricultural operations).

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 S corporation as defined in section 301(n.1).

QUALIFIED TAX LIABILITY - The liability for taxes imposed upon an eligible applicant under Article III, IV, VI, VII, VIII, 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 or adopted by the commission.

TECHNICAL SERVICE PROVIDER - An individual, entity or public agency certified by the United States Department of Agriculture Natural Resources 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.

TOTAL MAXIMUM DAILY LOAD or (TMDL) - The sum of individual waste load allocations for point sources, load allocations for nonpoint sources and natural quality and a margin of safety expressed in terms of mass per time, toxicity or other appropriate measures.

USDA-NRCS - The 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 based on the amount of funding it contributes toward eligible farm conservation projects. The business is the direct recipient of the REAP tax credits.

AGRICULTURAL OPERATION: as it relates to the \$250,000/7-yr credit limit.

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.

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.

Please note: For REAP purposes, the operator of the agricultural operation receiving REAP tax credits is considered the property owner.

Attachment 8

Cover Crops

Cover Crop

Practice Code: 340
 Reportable Units: Ac.
 Lifespan: Annual
 Tax Credit Rate: 50%

- Applicants may apply for up to 3 years of proposed cover crop plantings. Invoices must be submitted at the end of each year’s cover crop establishment.
- 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.
- Only seed and planting costs are eligible. Herbicide/nutrient/lime applications are not eligible.
 - ✓ please refer to the NASS custom planting rates, if necessary
- Spreading of manure on the cover crop must be consistent with a current Nutrient Management Plan or 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.
- Cover crops harvested for grain are not eligible for credits.
- Completion of the **REAP Cover Crop Job Sheet (p14 of the REAP Application)** is required.

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

Attachment 9

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:

- 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 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 allowed 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.

Attachment 10

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.

*Maps are not required if applying only for equipment.

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 11

Tax Credit Brokers

Fallbrook Credit Finance, LLC

26610 Agoura Road, Suite 120
Calabasas, CA 91302
Phone: (818) 657-6100
(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
Lindsey Bennett
lindseybennett@kizresources.com

Clocktower Tax Credits, LLC

2 Clock Tower Place, Suite 295
Maynard, MA 01754
Phone: 978-793-9574
Fax: 978-823-0328
Sue Ellen Idelson, Acquisitions Associate
sidelson@clocktowertc.com

Tax Credits International, Inc.

295 Palmas Inn Way
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Humacao, PR 00791
Phone: 908-247-3087
Kenneth Blaine
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MSC Business Services

PO Box 8736
Camp Hill, PA 17001
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Fax: 717-731-3546
Michael Evanish, Manager
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Tax Credit Services, LLC

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Michael V. McCann
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www.mvmgrants.com

The Online Incentives Exchange

2049 Century Park East, Suite 320
Los Angeles, CA 90067
Phone: 212-671-0940
Danny Bigel
db@theoix.com
www.theOIX.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.