Limited Resource Farmer & Beginning Farmer Program

Fact Sheet November 2005

What is a Limited Resource or Beginning Farmer/Rancher?

The intent of the Limited Resource Farmer/Rancher (LRFR) and Beginning Farmer/Rancher (BFR) Program is to ensure that Natural Resources Conservation Service (NRCS) programs are administered in a way that enables beginning or limited resource farmers and ranchers to maintain and develop economic viability in farm operations. To ensure NRCS technical and financial assistance programs and activities reach beginning and limited resource farmers and ranchers, the Environmental Quality Incentives Program (EQIP) final rule, published May 30, 2003, allows the State Conservationist to establish cost-share payments up to 90 percent for a limited resource farmer or rancher or beginning farmer or rancher. In North Dakota, the State Conservationist has determined limited resource farmers/ranchers are eligible for an additional 25 percent cost-share and beginning farmers/ranchers are eligible for an additional 15 percent cost-share.

What does this mean to you?

To qualify for the additional cost-share rate, an individual is required to certify on the CCC-1200 CONSERVATION APPLICATION/PROGRAM CONTRACT, that he/she meets at least one of the definitions shown below.

Beginning Farmer/Rancher:

1. Has not operated a farm or ranch, or who has operated a farm or ranch for not more than 10 consecutive years. This requirement applies to all members of an entity,
   and
2. Will materially and substantially participate in the operation of the farm or ranch.
   a) In the case of a contract with an individual, individually or with the immediate family member, material and substantial participation requires that the individual provide substantial day-to-day labor and management of the farm or ranch, consistent with the practices in the county or the State where the farm is located.
   b) In the case of a contract with an entity, all members must materially and substantially participate in the operation of the farm or ranch. Material and substantial participation requires that each of the members provide some amount of the management, or labor and management necessary for day-to-day activities, such that if each of the members did not provide these inputs, operation of the farm or ranch would seriously be impaired.

Limited Resource Farmer/Rancher:

1. A person with direct or indirect gross farm sales not more that $113,600
   and
2. Has a total household income at or below the national poverty level for a family of four **or** less than 50 percent of the county median household income in each of the previous two years.

To determine eligibility as a limited resource farmer/rancher for the additional cost-share rate, for an EQIP contract, applicants can complete the self evaluation at http://www.nrcs.usda.gov/programs/smlfarmer/tool.asp or complete the evaluation form provided by the District Conservationist.

Do I qualify?

To assist you in making an informed decision, the worksheets contained with this *Fact Sheet* shall be used prior to completing the application for an EQIP contract. A determination of your qualifications either as a LRFR or BFR is necessary to determine the financial assistance necessary for the conservation practices you elect to install through the contract.

Limited Resource Determination Information

Gross Farm Sales Determination: In each of the last two years (2003, 2004), was your direct or indirect **Gross Farm Sales** less than or equal to $113,600 per year? Gross Farm Sales is defined as: Gross Income entered on IRS Form 1040, Schedule F, in the Farm Income Section.	○ Yes	○ No
Adjusted Gross Income Determination: In each of the last two years (2003, 2004), was your **Total Household Income** less than the Oliver "County Value" of **$21,603.00**? Total Household Income is defined as Adjusted Gross Income for all members in your household or the amount you entered on IRS Form 1040, Adjusted Gross Income Section. County Value is calculated as the higher of the National Poverty level or 50% of the County Median Household Income.	○ Yes	○ No

Note: The "County Value" may be different for each county. As such, the determination should be made based on the county of residence.

If "yes" is the appropriate response to both criteria, the definition for limited resource farmer/rancher has been met. If "no" is the appropriate response to either criteria, the definition for limited resource farmer/rancher has not been met.

I meet the above criteria: Name:_____ Date:_____

To determine eligibility as a beginning farmer/rancher for EQIP, applicants can complete the self evaluation below.

Individual or Entity _____ (list all members of the entity)	Operated a Farm or Ranch less than 10 consecutive years		Will materially and substantially participate in operation of Farm or Ranch	
	Yes	No	Yes	No

A check of "yes" in all blocks for the individual or all members of an entity indicates that the definition for beginning farmer/rancher designation has been met.

I meet the above criteria. Name:_____ Date:_____

Declaration of LRFR and/or BFR is based on self-certification in block 7a, CCC-1200 CONSERVATION PROGRAM APPLICATION/CONTRACT. Review item 7 and 11 of the Appendix to CCC-1200 EQIP prior to making your declaration.

Annually, a percentage of all CCC-1200 forms will be randomly selected to verify certifications. If selected, Beginning Farmer/Ranchers will need to provide one IRS Form 1040 from the past ten years that shows the participant did not file a IRS Form 1040, Schedule F. Limited Resource Farmers/Ranchers will need to provide the past two years of IRS Form 1040 and IRS Form 1040, Schedule F to determine Adjusted Gross income and Gross Farm Sales. Exceptions: A letter from a certified public accountant or attorney certifying the participant meets the eligibility requirements may be used in lieu of IRS Form 1040.