

Resource Enhancement and Protection Program



Guidelines

Fiscal Year 2022

(July 1, 2022 – June 30, 2023)

State Conservation Commission
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Resource Enhancement and Protection (REAP) Program Guidelines

2022-23

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 dollars in REAP tax credits is available in FY 2022 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%-90% of out-of-pocket project costs in the form of state tax credits. The amount of REAP credits available to an eligible applicant depends on the type of BMP implemented and the geographic location of the operation (for 90% tax credits). Applicants are eligible for a maximum of \$250,000 in any 7-year period, per agricultural operation. 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** that meets the requirements found in Chapter 102.4 of the PA Clean Streams Law for all acres operated by the applicant. The applicant must be on-schedule for full implementation of the plan.
 - ii) A current **Nutrient Management Plan**; as required by Chapter 83 of the PA Clean Streams Law and Act 38; or **Manure Management Plan**; as required by Chapter 91 of the PA Clean Streams Law for all other operations that have animals and/or import manure; for all acres operated by the applicant. 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 BMPs necessary to abate nutrient, sediment, and storm water runoff from these areas prior to receiving tax credits for other REAP-eligible BMPs. Any REAP-approved BMPs necessary to properly treat an ACA are eligible for REAP tax credits. REAP tax 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 the applicant does not have up-to-date Plans on all acres operated, the REAP application must include documentation of the development of these plans. No REAP tax credits will be awarded for any other eligible BMP or equipment until plans are complete and certified.

Applicants to the REAP program must have their eligibility verified on page 4 of the REAP application. Please see Attachment 4 of the REAP Guidelines for more information on who is qualified to provide the necessary verification signatures.

C. Project Eligibility

Applications are accepted on a first-come, first-served basis. The following are considered eligible costs of a project:

- Project management costs - including design, engineering, and associated planning
- Project construction or installation – including labor provided by the applicant
- Post construction certifications

All REAP-eligible BMPs must be necessary to reduce pollution from nitrogen, phosphorus, or sediment runoff into surface waters.

Applicants may apply for proposed projects; or completed projects; or mixed. Proposed projects must be based on a reasonable cost estimate and 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. REAP tax credits are reserved for eligible proposed projects and awarded upon completion of the project.

Projects are eligible for REAP tax credits for up to 3 years after the completion of the practice (date of completion for constructed BMPs; date of purchase for equipment). Projects must also be within their REAP life span. REAP life spans have been established by the Commission for all eligible practices and are listed in Attachment 1 of the REAP Guidelines. Installation costs for annual practices are eligible for REAP tax credits only within the fiscal year (July 1 – June 30) in which they are incurred. All projects must be maintained for their entire REAP life spans.

The Commission will consider applications for BMPs on existing agricultural operations. Projects involving an expansion of an agricultural operation by greater than 25% will be subject to a 50% reduction of REAP-eligible costs. Under-barn manure storages – unless certified by NRCS to be necessary for the treatment of an existing resource concern – are not eligible for REAP tax credits. All REAP applications that include manure storage, animal heavy use area protection, or roofed projects must include a completed REAP Waste Storage Facility and Animal Heavy Use Area Worksheet (p11 of the 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.

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.

REAP tax credits are awarded at either 50%, 75%, or 90% of out-of-pocket costs. In general, high priority BMPs such as plan writing; or projects that treat runoff from animal concentration areas; are eligible for the 75% rate. Please refer to Attachment 1 for information regarding the REAP tax credit rate for eligible BMPs.

Agricultural operations (and landowners) located within a watershed that has a written TMDL listing impairment from agricultural sources are eligible to receive REAP tax credits equal to 90% of out-of-pocket installation costs for a select list of BMPs. Projects completed after July 1, 2021 that meet the Commission's requirements for the 90% credit rate will be considered eligible. The following BMPs are eligible for the 90% REAP tax credit on eligible operations:

1. Riparian buffers greater than 50 ft in width.
2. Multi-species Cover Crops (see Attachment 6)

3. Cover Crop roller/crimpers
4. Stream crossings and livestock exclusion from streams. BMPs used in conjunction with stream crossings and livestock exclusion are also eligible for 90% REAP tax credit (e.g. Animal Trails & Walkways, Fence, and off-stream watering facilities)
5. Soil Health Tests – A producer must be involved with a partner organization’s soil health program (e.g. PASA’s soil health benchmark study, USDA NRCS Soil Health Conservation Activity Plan, etc.).

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 operator shall return to the Department of Revenue or the Department of Treasury the full amount of the REAP tax credit 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 or the Department of Treasury 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 5 of the REAP Guidelines for more information on this policy.

REAP-eligibility verification fees are not eligible costs; nor are fees charged by consultants to complete a REAP application.

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.

The Commission reserves the right to exclude individuals from the REAP program who are found to knowingly engage in fraudulent activity. For example: fraudulent verification signatures, fraudulent BMP certification, fraudulent or altered receipts/invoices.

D. 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 and the REAP tax credits are awarded directly to the sponsor. The sponsor is the REAP applicant. Eligibility for the REAP project is determined by the compliance of the owner/operator of the ag operation with the PA Clean Streams Law (see section B, above). A sponsor is defined in Attachment 7.

Sponsorship of REAP projects is reserved for proposed projects, projects currently under construction (not-yet completed and certified by an engineer), and for equipment purchased within the previous 6 months (from the time of application). All projects must meet the definitions and standards of an eligible BMP on an agricultural operation (except for Streambank and Shoreline Protection, Riparian Buffer, and Riparian Buffer Maintenance – for which non-agricultural landowners are eligible) as set forth by the Commission.

Typical examples of sponsors include: banks, 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.

The Commission reserves the right to limit the amount of REAP funds approved for a single sponsor in any given round of the REAP program.

E. 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.

Projects that include the proposed purchase of equipment must be completed by **June 30, 2023**. Projects involving the implementation of structural BMPs must be on-schedule to be completed by **June 30, 2024** to be eligible. Applicants may apply for proposed cover crop planting through **June 30, 2025**. 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 on a case-by case basis at the discretion of the Commission if the applicant notifies the Commission of the delay.

Tax credits are awarded upon completion of the approved 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 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.

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.

2022-23 REAP Applications will be accepted beginning August 1st, 2022. Applications may be mailed or hand-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.

F. REAP Tax Credit Information

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. The year of the clearance approved by the Department of Revenue and communicated to the Commission will be the effective date of the credit. If an applicant is found to be non-compliant by Revenue, the tax compliance issue must be resolved first; then the Commission may resubmit the applicant's information to Revenue to award the REAP tax credit. The resubmittal date will become the new effective date on the REAP tax credit.

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. The REAP tax credit can be claimed against all income on a separately-filed or 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.

To claim the REAP tax credit, the recipient must file the tax credit claim form found on the reverse of the REAP tax credit certificate prior to filing the annual PA income tax return. Recipients should use the PA Schedule OC to determine how much of the REAP tax credit to claim for the year. PA Dept of Revenue recommends filing the tax claim form 90 days in advance of filing the yearly tax return. Failure to submit the tax claim form 90 days prior to the filing of the annual PA income tax return may result in delays in the processing of the annual income tax return. After the tax credit claim form has been submitted, REAP tax credit recipients may file their annual PA income tax return with the PA Schedule OC.

The remainder of the original tax credit may be carried over by the tax credit award recipient and applied to succeeding taxable years - up to 15 years from the effective date of the REAP tax credit.

Pass-through entities: *To pass through the REAP tax credit to shareholders, members, or partners of the entity, the award recipient must file the tax credit claim form found on the reverse of the credit certificate prior to the shareholders, members, or partners claiming the REAP tax credit on their PA income tax returns.*

The REAP tax credit may be sold or transferred to another PA income taxpayer. To sell this credit, an awardee must apply to the Commission to sell/assign, in whole or in part, unused REAP tax credits to a buyer/assignee. To be eligible to sell/assign a REAP tax credit, the REAP credit recipient must:

1. Use the REAP credit in the effective year of the credit against the entire PA income tax liability. If the REAP credit recipient owes no income tax for that year, this requirement is waived.
2. Wait one calendar year from the effective date of the REAP credit prior to selling/assigning any of the credit.

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.

Effective immediately, entities that are no longer subject to filing the RCT-101 Corporate Tax Report as per the phase out of the Capital Stock & Foreign Franchise Tax are required to file the PA- 20S/PA-65, S Corporation/Partnership Information return prior to selling a REAP credit. Every domestic or foreign PA S corporation (72 P.S. § 7330.1), partnership (72 P.S § 7335(c)), or entity formed as a limited liability company that is classified as a partnership or S corporation for federal income tax purposes, must file the PA- 20S/PA-65 Information Return.

Single-Member Limited Liability Companies with an individual, partnership or corporation as the single member are required to file the specified returns: An individual as the single member, must file a PA-40 Individual Tax Return. If the single member is a corporation or partnership the return of the owner (RCT-101 Corporate Tax Report or PA 20S/65 Information Return) must be filed.

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/assignee may not pass-through, resell, or reassign REAP tax credits. The purchaser/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/assignment of REAP credits to any eligible PA taxpayer. In addition, a list of private brokers who can assist with the sale of tax credits is found on the REAP webpage; or by contacting the State Conservation Commission.

The **REAP Tax Credit Sale/Assignment 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.

Attachment 1

REAP Eligible Best Management Practices (BMPs)

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 Plan (Ag E&S)

REAP Lifespan: 3 years
Tax Credit Rate: 75%
Additional Information: Refer to [Attachment 2](#)
REAP Conditions: The plan must meet the requirements of Chapter 102.4 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

REAP Lifespan: 3 years
Tax Credit Rate: 75%
Additional Information: Refer to [Attachment 2](#)
REAP Conditions: The plan must meet the requirements of Chapter 102.4 of the PA Clean Streams Law.
Certification Requirements: The plan must be written by a NRCS-certified conservation planner.

Manure Management Plan (MMP)

REAP 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 (NMP)

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

Soil Health Tests

REAP Lifespan: 3 years
Tax Credit Rate: 75%; **90% when applicant is in an ag-impaired TMDL watershed AND is involved with a partner organization's soil health program**
Additional Information: Any of the widely-available complete comprehensive soil health tests are eligible. Examples include, but are not limited to: Cornell, Haney, Solvita. Traditional soil fertility tests are eligible for REAP tax credits as part of the Nutrient Management Plan or Manure Management Plan.

Pennsylvania Agricultural Conservation Stewardship (PACS) Program Verification (*Pilot*)

REAP Lifespan: 3 years
Tax Credit Rate: 75%; **90% when applicant is in an ag-impaired TMDL watershed**
Additional Information: Reimburses costs associated with assisting a farm participating in the PACS Certification Program. Eligible costs include: PACS application, farm inspections, and verification of compliance with PA Clean Streams Law. Available to private-sector Technical Service Providers only.
REAP Conditions: 2-yr pilot program; \$50,000 total cost/year cap; REAP-eligible costs capped at \$500 per operation
Certification Requirements: Individual must be PA Act-38 certified and/or qualified to write Ag E&S Plans

Equipment BMPs

Composting Equipment

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

Cover Crop Equipment

<i>REAP Lifespan:</i>	New Equipment - 7 years, Used Equipment - 3 years
<i>Tax Credit Rate:</i>	50%; 90% for Cover Crop Rollers in an ag-impaired TMDL watershed
<i>Additional Information:</i>	Refer to Attachment 5 . Equipment used to enhance the use of cover crops on an ag operation.
<i>REAP Conditions:</i>	The equipment's primary use must be the establishment and management of cover crops.

Manure Injection Equipment – Low Disturbance

<i>REAP Lifespan:</i>	New Equipment - 7 years, Used Equipment - 3 years
<i>Tax Credit Rate:</i>	50%
<i>Additional Information:</i>	Refer to Attachment 5
<i>REAP Conditions:</i>	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.
<i>Certification Requirements:</i>	Requires Equipment Dealer Certification

No-Till Planting Equipment – Planter or Drill

<i>REAP Lifespan:</i>	New Equipment - 7 years, Used Equipment - 3 years
<i>Tax Credit Rate:</i>	50%; REAP-eligible cost capped at \$300,000 per planter/drill
<i>Additional Information:</i>	Refer to Attachment 5
<i>Certification Requirements:</i>	Requires Equipment Dealer Certification

Precision Nutrient Application Equipment

<i>REAP Lifespan:</i>	3 years
<i>Tax Credit Rate:</i>	50%; REAP-eligible cost capped at \$60,000 per purchase
<i>Additional Information:</i>	Refer to Attachment 5
<i>REAP Conditions:</i>	Components of Nutrient Application Equipment that enable base equipment (new or existing) to perform with automatic variable rate application capabilities.
<i>Certification Requirements:</i>	Requires Equipment Dealer Certification

Other BMPs

Access Road

<i>NRCS Practice Code:</i>	560
<i>REAP Lifespan:</i>	5 years
<i>Tax Credit Rate:</i>	50%
<i>REAP Conditions:</i>	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.
<i>Certification Requirements:</i>	Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.

Animal Mortality Facility

<i>NRCS Practice Code:</i>	316
<i>REAP Lifespan:</i>	10 years
<i>Tax Credit Rate:</i>	50%; REAP-eligible costs may be reduced by 50% for new animal operations
<i>REAP Conditions:</i>	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.
<i>Certification Requirements:</i>	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
REAP Lifespan: 5 years
Tax Credit Rate: 75%; **90% - with livestock exclusion from streams in an ag-impaired TMDL watershed**
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
REAP 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
REAP Lifespan: 10 years
Tax Credit Rate: 50%
REAP Conditions: The composting facility must be part of a Manure/Nutrient Management Plan. For composting of animal mortalities, please see **Animal Mortality Facility**. The composting operation must meet the PA-DEP criteria for on-farm composting. Production of mushroom compost does not apply.
Certification Requirements: Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.

Constructed Wetland

NRCS Practice Code: 656
REAP 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
REAP Lifespan: Annual
Tax Credit Rate: 50%; **90% for multi-species Cover Crop in an ag-impaired TMDL watershed**
Additional Information: Applicants must complete Cover Crop Worksheet (p12 of the REAP Application)
REAP Conditions: Please refer to Attachment 6. Applicants may include 3 years of proposed plantings. Sponsored applications are limited to 1 year only.
Certification Requirements: Subject to random spot check by SCC staff; Applicants must complete Cover Crop Worksheet (p12 of the REAP Application);

Critical Area Planting

NRCS Practice Code: 342
REAP Lifespan: 5 years
Tax Credit Rate: 50%; 75% ACA treatment
Certification Requirements: Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.

Diversion

NRCS Practice Code: 362
REAP Lifespan: 5 years
Tax Credit Rate: 50%; 75% ACA treatment
Certification Requirements: Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.

Fence

NRCS Practice Code: 382
REAP Lifespan: 10 years
Tax Credit Rate: 50%; 75% - in conjunction with 50+ ft buffer; **90% - in conjunction with 50+ ft buffer from streams in an ag-impaired TMDL watershed**; REAP-eligible costs capped at \$5.00/ft
Additional Information: Fence that is part of an ACA-related BMP; or is Waste Storage safety fence; should be submitted as part of those BMPs.

<i>REAP Conditions:</i>	Used in conjunction with Prescribed Grazing (528) Plan only. REAP tax credits will be authorized for establishing permanent fence; utilizing new materials – unless otherwise justified by Prescribed Grazing. Fencing 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. Fence surrounding Equine riding rinks is not eligible for REAP tax credits.
<i>Certification Requirements:</i>	Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer
Grassed Waterway	
<i>NRCS Practice Code:</i>	412
<i>REAP Lifespan:</i>	5 years
<i>Tax Credit Rate:</i>	50%; 75% ACA treatment
<i>Certification Requirements:</i>	Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.
Heavy Use Area Protection	
<i>NRCS Practice Code:</i>	561
<i>REAP Lifespan:</i>	10 years
<i>Tax Credit Rate:</i>	50%; 75% - ACA treatment
<i>Additional Information:</i>	Applications must include the REAP Waste Storage Facility and Animal Heavy Use Area Worksheet (p11 of the REAP Application).
<i>REAP Conditions:</i>	SCC staff site visit may be required prior to BMP approval for the roof structure component. Projects involving an operation expansion of greater than 25% are subject to a reduction in eligible costs of 50%.
<i>Certification Requirements:</i>	Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.
Lined Waterway or Outlet	
<i>NRCS Practice Code:</i>	468
<i>REAP Lifespan:</i>	5 years
<i>Tax Credit Rate:</i>	50%; 75% - ACA treatment
<i>REAP Conditions:</i>	Used where vegetation alone will not provide adequate stabilization.
<i>Certification Requirements:</i>	Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.
Manure Incineration	
<i>REAP Lifespan:</i>	10 years
<i>Tax Credit Rate:</i>	50%; REAP-eligible costs capped at \$500,000
<i>Additional Information:</i>	Please contact the Commission for more information.
<i>REAP Conditions:</i>	Incineration must be included in the operator's Nutrient/Manure Management Plan.
Manure Separation	
<i>REAP Lifespan:</i>	7 years
<i>Tax Credit Rate:</i>	50%
<i>REAP Conditions:</i>	Manure separation must be included in the operation's Nutrient/Manure Management Plan.
<i>Certification Requirements:</i>	Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.
Obstruction Removal	
<i>NRCS Practice Code:</i>	500
<i>REAP Lifespan:</i>	5 years
<i>Tax Credit Rate:</i>	50%
<i>REAP Conditions:</i>	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.
<i>Certification Requirements:</i>	Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.
Pipeline	
<i>NRCS Practice Code:</i>	516
<i>REAP Lifespan:</i>	5 years
<i>Tax Credit Rate:</i>	50%
<i>REAP Conditions:</i>	Eligible as a component of livestock watering systems in conjunction with Prescribed Grazing (528) only. 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)

REAP 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

REAP 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

REAP Lifespan: 15 years

Tax Credit Rate: 50% rate when used in conjunction with the minimum width of the practice (35 feet); 75% in conjunction with 50+ foot width; **90% for 50+ foot width in an ag-impaired TMDL watershed.**

Additional Information: [NRCS Practice Guide for Riparian Forest Buffers](#), [PA DEP Riparian Forest Buffer Guidance](#)

REAP Conditions: Riparian buffer establishment only (see below). 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

REAP Lifespan: annual

Tax Credit Rate: 50% rate when used in conjunction with the minimum width of the practice (35 feet); 75% when used with 50 foot or greater width; **90% for 50+ foot width in an ag-impaired TMDL watershed.**

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 a long-term buffer operation and maintenance plan, are eligible. Examples include: mowing, applications of herbicide, vegetation removal, control of noxious weeds, protections from competing plants/animals. This practice is available to agricultural and non-agricultural operations.

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.

Riparian Forest Buffer Maintenance Worksheet (available upon request) is required.

Riparian Herbaceous Cover

NRCS Practice Code: 390

REAP Lifespan: 5 years

Tax Credit Rate: 50%

REAP Conditions: 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.

Roof Runoff Structure

NRCS Practice Code: 558
REAP Lifespan: 5 years
Tax Credit Rate: 50%; 75% - 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 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
REAP Lifespan: 10 years
Tax Credit Rate: 50%; 75% - ACA treatment
Additional Information: The REAP Waste Storage Facility and Animal Heavy Use Area Worksheet (p 11 of Application) must be completed
REAP Conditions: Practice applies to construction of roofing over Waste Storage Facility (313) and/or Heavy Use Area Protection (561). SCC staff site visit may be required. Projects involving an operation expansion of greater than 25% are subject to a reduction in eligible costs of 50%. 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.

Silage Leachate Management

Practice Code:
REAP Lifespan: 10 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.

Spring Development

NRCS Practice Code: 574
REAP Lifespan: 5 years
Tax Credit Rate: 50%; **90% - with animal exclusion from streams in an ag-impaired TMDL watershed**
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
REAP Lifespan: 5 years
Tax Credit Rate: 50%; **90% - in conjunction with animal exclusion from streams in an ag-impaired TMDL watershed**
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 in conjunction with Prescribed Grazing (528) only. 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.

Streambank and Shoreline Protection

NRCS Practice Code: 580
REAP Lifespan: 5 years
Tax Credit Rate: 50%

<i>Additional Information:</i>	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>REAP Lifespan:</i>	5 years
<i>Tax Credit Rate:</i>	50%; 75% - 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>REAP 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 are not authorized for non-structural or vegetative practices such as Conservation Cover (327), Contour Farming (330), Cover Crop.
<i>Certification Requirements:</i>	Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.
Terrace	
<i>NRCS Practice Code:</i>	600
<i>REAP 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>REAP Lifespan:</i>	5 years
<i>Tax Credit Rate:</i>	50%; 75% - 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. Pipes greater than 12" in diameter may require SCC site visit.
<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>REAP Lifespan:</i>	10 years
<i>Tax Credit Rate:</i>	50%; REAP-eligible costs may be prorated for new-animal operation.
<i>Additional Information:</i>	The REAP Waste Storage Facility and Animal Heavy Use Area Worksheet (page 11 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 may be required prior to BMP approval for the roof structure component. Projects involving an operation expansion of greater than 25% are subject to a reduction in eligible costs of 50%. Under-barn storages are not eligible for REAP tax credits unless certified by NRCS to be necessary for the treatment of an existing resource concern.
<i>Certification Requirements:</i>	Individual with appropriate NRCS Job Approval Authority or Registered Professional Engineer.
Waste Transfer	
<i>NRCS Practice Code:</i>	634
<i>REAP Lifespan:</i>	10 years
<i>Tax Credit Rate:</i>	50%
<i>REAP Conditions:</i>	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

REAP 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

REAP 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

REAP Lifespan: 5 years

Tax Credit Rate: 50%; **90% - in conjunction with animal exclusion from streams in an ag-impaired TMDL watershed**

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 any 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. The Conservation and/or Ag E&S Plan must meet the requirements of Chapter 104.2 of the Pennsylvania Clean Streams Law.

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 concentration areas. The applicant must be on-schedule for full implementation of the plan. In addition, all BMPs to address ACA-related resource concerns must be fully implemented; or the costs associated with implementing them must be included in the REAP application.

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.	

* 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.

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 Plan (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.

To be considered a current NMP or MMP, the operator must be on-schedule for full implementation of the plan. The NMP must meet the requirements of Act 38 of 2005. The MMP must meet the requirement of the DEP Manure Management Manual and the Chapter 91 of the Pennsylvania Clean Streams Law. The operator must fully implement the NMP/MMP and keep it current with the farming operation for the lifespan of any BMP for which REAP tax credits have been approved.

Attachment 4

Verification Signatures

Verification Signatures for REAP Eligibility

Applies to: REAP Application Section 2 (signatures on 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 the answer is true, and that the applicant 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.

IMPORTANT: 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 in PA Clean Streams Law compliance.
- USDA/NRCS employees who are certified in conservation planning or working under the supervision of a certified individual with appropriate training and experience in PA Clean Streams Law compliance.
- 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 pp8-10

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 Equipment Guidelines

Applies to: No-Till Planting Equipment, Precision Nutrient Application Equipment components, Manure Injection Equipment, Cover Crop Equipment

Applications for equipment must meet **ALL** other REAP eligibility requirements.

The Commission will not approve applications for tax credits for any equipment that was purchased more than 3 years prior to the submission of the application.

For the FY 2022 REAP program, delivery of all equipment must take place by **June 30, 2023**.

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.

All projects must meet the definitions and standards of an eligible BMP on an agricultural operation. As such, eligible owner/operators listed in the application must meet the definition of an Agricultural Operation found in Attachment 7 of the REAP Guidelines.

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 that does not meet the intent of the standards set forth for the equipment by the SCC.

see below for the REAP Equipment Trade-In/Trade-Up Policy

No-Till Planting Equipment:

- **Intent:** 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. Used equipment must also be in good-working order without excessive wear.
- A completed REAP No-Till Equipment Purchase Certification form (p8 of the REAP application) must be submitted by the applicant. The equipment must be certified that it meets the above criteria by a qualified farm equipment dealer authorized by the Commission.
- Used equipment sold privately must be certified by a dealer representative to meet the above used equipment criteria using p8 of the REAP Application
- All wear items must meet or exceed manufacturer's guidelines for wear replacement parts as certified by a qualified equipment dealer.
- New equipment shall have a REAP lifespan of 7 years. Used equipment's REAP lifespan is 3 years.
- The cost of operator-installed parts, repair, or refurbishing of existing equipment is ineligible for REAP tax credits
- REAP-Eligible costs are capped at \$300,000 per planter/drill.

Precision Nutrient Application Equipment:

- **Intent:** The equipment must be capable of applying nutrients at variable rates across a crop field according to automatic data input from computerized maps or optical sensors.
- Only the components necessary to apply nutrients at variable rates are eligible REAP tax credits. 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 application equipment to variable rate capabilities are eligible.
- REAP-eligible costs will be capped at \$60,000 per equipment purchase.

- Components on manure spreaders and spinner-type granular fertilizer spreaders are not eligible for REAP tax credits.
- Costs of subscription services are eligible only in the initial year of the purchase of REAP eligible precision nutrient application equipment and are limited to 1 year in duration.
- A completed REAP Precision Application Equipment Certification (p9 of the REAP Application) must be submitted by the applicant. The equipment must be certified that it meets the above criteria by a qualified farm equipment dealer authorized by the Commission.
- Used equipment sold privately must be certified by a qualified farm equipment dealer to meet the above used equipment criteria. (p9)
- All wear items must meet or exceed manufacturer's guidelines for wear replacement parts as certified by a qualified equipment dealer.
- Precision Nutrient application equipment shall have a REAP lifespan 3 years.
- The cost of operator-installed parts, repair, or refurbishing of existing equipment is ineligible for REAP tax credits

Low Disturbance Manure Injection Equipment:

- **Intent:** The equipment is capable of injecting manure effectively at a shallow depth (approx. 4" maximum) while creating minimal surface disturbance.
- 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.
- A completed REAP Low Disturbance Manure Injection Equipment Certification form (p10 of the REAP Application) must be submitted by the applicant. The equipment must be certified that it meets the above criteria by a qualified farm equipment dealer authorized by the Commission.
- Used equipment sold privately must also be certified by a dealer representative to meet the above equipment criteria (p10).
- All wear items must meet or exceed manufacturer's guidelines for wear replacement parts as certified by a qualified equipment dealer.
- New equipment shall have a REAP lifespan of 7 years. Used equipment's REAP lifespan is 3 years.
- 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.

Cover Crop Equipment:

- **Intent:** Eligible equipment's primary use is for the establishment and management of cover crops.
- Cover crop rollers are eligible for REAP tax credits. Rollers must be designed with chevron-shaped crimper blades to be eligible for REAP tax credits.
- Cover crop spinners attached to harvesting equipment are eligible for REAP tax credits
- Seed boxes attached to vertical tillage equipment that are used for planting cover crops are eligible for REAP tax credits.
- Equipment that is capable of spreading both nutrients and seed is eligible under the Precision Nutrient Application Equipment guidelines (see above).
- New equipment shall have a REAP lifespan of 7 years. Used equipment's REAP lifespan is 3 years.
- Equipment utilizing new technology or new methodology may be eligible for REAP credits on a case-by-case basis, as determined by the Commission.

REAP Equipment Trade-In/Trade-Up Policy

This policy applies to the following: No-Till Planters and Drills, Low Disturbance Manure Injection Equipment, Precision Nutrient Application Equipment, Cover Crop 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). The Equipment may be traded for a comparable or larger piece of eligible equipment under the following conditions:

- The applicant must immediately make a request to the Commission.
- The applicant is trading or selling the original 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, based on the difference between the purchase price of the original equipment and the purchase price of 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 resets with the new piece of equipment.
- If the applicant does not wish to apply for additional REAP tax credits, the remaining years of the lifespan for the original equipment will transfer onto 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 REAP tax credit sells or trades equipment prior to the expiration of its REAP 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 REAP tax credit sells or trades equipment prior to the expiration of its REAP lifespan without notifying the State Conservation Commission, 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 6

REAP Cover Crop Guidelines

***See REAP Application p12 of the REAP Application for the REAP Cover Crop Worksheet**

Cover Crop

Reportable Units: Ac.

Lifespan: Annual

Tax Credit Rate: 50%; **90% for multi-species cover crop in an ag-impaired TMDL watershed**

REAP Conditions as follows:

- 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. Sponsored applicants are limited to 1 year of cover crops.
- Crops harvested for grain are not eligible for REAP tax credits.
- Completion of the **REAP Cover Crop Worksheet** (p12 of the REAP Application) is required.
- Total REAP-Eligible costs are capped at \$50/acre for single-species plantings and \$80/acre for multi-species plantings.
- Multi-species cover crop is defined as: A cover crop mix that consists of grass/small grain species plus a minimum of 2 broadleaf species; **in which the cumulative seeding rate of the grass/small grain species does not exceed 1.5 bu/ac.**
- REAP-eligible planting costs are capped at \$25/ac
- REAP-eligible costs for seed grown by the REAP applicant is capped at \$12/bu.
- Fertilizer, lime, tillage, and herbicide costs are not eligible for REAP tax credits.
- All seed used for cover crops 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.
- Spreading of manure on the cover crop must be consistent with a current Nutrient Management Plan or Manure Management Plan.

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

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.