

TYPES OF LANDS THAT QUALIFY

Cropland, grassland

TYPE OF PAYMENT

Rental, maintenance, and incentive

MONETARY BENEFIT

Direct payment



Conservation Reserve Program

The Conservation Reserve Program (CRP) is a voluntary program administered by the Farm Service Agency (FSA) with technical services provided by the Natural Resources Conservation Service (NRCS).

The CRP was established to retire highly erodible and low-productivity lands from agricultural production through CRP conservation practices and initiatives. These practices and initiatives help promote various conservation objectives for native wildlife and fish species and those species historically located throughout the region where the landowner's property is located.

■ HOW IT WORKS

Contracts for the CRP range from 10 to 15 years in length, and participants receive annual rental payments, along with a 50% cost-share for establishing conservation practices and initiatives. These rental rates and payments vary across the state on a per county average. Additional incentives may also be eligible.

Examples of these practices include, but are not limited to

- riparian buffers
- native grasses
- wetland restoration
- wildlife habitat
- wildlife food plots
- wildlife corridors
- tree planting

There are three options for CRP enrollment: General Enrollment, Continuous Enrollment, and Grasslands Enrollment.



General Enrollment

This option allows producers to offer land annually during the announced enrollment periods. The CRP applications are ranked from the Environmental Benefits Index based on the environmental benefits of land offered.

Continuous Enrollment

This option allows any environmentally sensitive land to be enrolled at any time throughout the year.

Grassland Enrollment

This option helps landowners and/or operators protect grassland, rangeland, or pastureland while maintaining that land for grazing.

Eligibility Requirements

Both producer and land must meet eligibility for enrollment in the CRP. Producers must have appropriate and adequate farm numbers and records established with the FSA and must have owned or operated the land for at least 12 months for continuous signup or 12 months before the close of the enrollment period for general or grassland signup.

For cropland, lands must have been planted to an agricultural commodity in at least 4 of the previous 6 crop years and be physically and legally planted to that agricultural commodity.

Both General and Grassland Enrollment also have additional criteria that must be met for enrollment.

COMMON PRACTICES

The following conservation practices (CP) are having a significant effect on both wildlife and fish conservation in the Lower Mississippi River Valley. Although these practices may be the same in every county, the payments may vary due to the difference in rental rates across the state.

Wetlands Restoration Initiative (CP 23)

This practice restores the values and functions of farmed wetlands devoted to agriculture.

Bottomland Hardwood Initiative (CP 31)

This practice restores floodplains primarily through the restoration of bottomland hardwoods. Wildlife Mississippi conceived this initiative.

Habitat Buffers for Upland Birds (CP 33)

This practice addresses the declining numbers of northern bobwhite quail and other buffer-dependent species by establishing cover around field edges and eligible crops.

HOW TO APPLY

FSA accepts applications for enrollment in the CRP at the District Office. Landowners interested in applying for funding should contact their local FSA office (District Office) to begin the application process.

HOW ARE CRP PAYMENTS TAXED?

CRP rental payments are considered ordinary income and are taxed at that rate.

CRP EXAMPLE

There are two types of sign-ups for CRP. One is a General Sign-Up where the sign-up period is periodic and is announced by the FSA. The other is a Continuous Sign-Up where the sign-up is all year long.

General Sign-Up

Costs

A landowner wishes to enroll 165 acres into the CRP during a general sign-up period. FSA determines the rental rate for the three primary soil types across the tract, as well as a soil rental rate for each. The primary three soil types cover 134.75 acres of the land, and the average of the soil rental rates are used to determine the rental rate per acre for all of the 165-acre tract. FSA is offering a 10% bonus for climate smart practices and the landowner chooses to pick those.

Sample Calculation

$$\begin{aligned} &\text{Weighted Average Soil Rental Rate:} \\ &\$7,313.31 \text{ (total rent)} \div 134.75 \text{ (total acres)} = \$54.27/ \\ &\text{acre} \end{aligned}$$

$$\begin{aligned} &\text{Additional 10\% Smart Climate Incentive:} \\ &10\% \text{ (smart climate incentive)} \times \$54.27 \text{ (weighted} \\ &\text{average soil rental rate)} = \$5.43/\text{acre} \end{aligned}$$

$$\begin{aligned} &\text{Maximum Payment Rate Per Acre:} \\ & \$54.27 \text{ (weighted average soil rental rate)} + \$5.43 \text{ (smart} \\ &\text{climate incentive)} = \$59.70 \end{aligned}$$

$$\begin{aligned} & \$59.70/\text{acre}/\text{year} \text{ (Rental Rate)} \times 165 \text{ acres} \\ & = \$9,851.00/\text{year} \end{aligned}$$

The landowner is paid \$59.70 per acre annually for the life of the contract. The weighted average of the soil rental rates for the primary three soil types plus an additional 10% for the smart climate incentive are used to calculate the maximum payment rate per acre for land in the contract. Climate smart incentive rates can vary from 0%, 3%, 5%, or 10% based on the estimated climate benefits of each conservation practice.

Continuous Sign-Up

Costs

A landowner wishes to enroll 25.3 acres into the CRP during the continuous sign-up. FSA determines the rental rate for the primary three soil types across the tract as well as a soil rental rate for each. The primary three soil types cover 23.85 acres of the land, and the average of the soil rental rates are used to determine the rental rate per acre for all of the 25.3-acre tract. FSA is offering a 10% bonus for climate smart practices and a 20% bonus for water quality practices and the landowner chooses to pick those.

Sample Calculation

Weighted Average Soil Rental Rate:

$$\$1,822.94 \text{ (total rent)} \div 23.85 \text{ (total acres)} = \$54.27/\text{acre}$$

Additional 10% Smart Climate Incentive:

$$10\% \text{ (smart climate incentive)} \times \$76.43 \text{ (weighted average soil rental rate)} = \$7.64/\text{acre}$$

Additional 20% Water Quality Incentive:

$$20\% \text{ (water quality incentive)} \times \$76.43 \text{ (weighted average soil rental rate)} = \$15.29/\text{acre}$$

Weighted Average Maintenance Rate Per Acre:

$$\$2.00 \text{ (weighted average maintenance rate)}$$

$$\$101.36/\text{acre}/\text{year} \text{ (Rental Rate)} \times 25.3 \text{ acres} = \$2,564.00/\text{year}$$

The landowner is paid \$101.36 per acre annually for the life of the contract. The weighted average of the soil rates

for each of the primary three soil types, an additional 10% for the climate smart incentive and 20% for the water quality incentive, as well as maintenance rate per acre are used to calculate the maximum payment rate per acre for the land in the contract. Rental rates per acre may be higher in continuous sign-up contracts due to the types of soil found in environmentally sensitive areas.

Continuous CRP sign-ups are also eligible for the Signup Incentive Payment (SIP) and the Practice Incentive Payment (PIP). These are one-time payments that are applicable to continuous CRP sign-ups only. Landowners with newly established continuous CRP may be eligible for one or both of these payments depending on the conservation practice that is established. The SIP is a one-time payment of 32.5% of the first full year annual rental payment. This is sometimes paid as a lump sum and added to the soil rental rate and paid annually. The PIP is a one-time incentive payment for certain conservation practices that are established in which a landowner receives cost-share for installment of the practice. This payment can be up to 50% of the practice establishment cost, allowing a landowner to possibly receive up to 100% of the practice establishment cost (up to 50% cost-share, and up to 50% PIP).

■ HOW ARE CRP PAYMENTS TAXED?

CRP payments over and above the costs of implementing the practices are considered ordinary income and are taxed at the ordinary income rate.



The Mississippi Land Trust works with willing private landowners and government agencies to protect fish and wildlife habitat in Mississippi.

P.O. Box 23 | Stoneville, MS 38776
662.820.9774 | www.misslandtrust.org



The Mississippi River Trust works with willing private landowners and government agencies to protect fish and wildlife habitat in the Lower Mississippi River region.

P.O. Box 15 | Stoneville, MS 38776
662.820.9774 | www.mississippirivertrust.org



Wildlife Mississippi works with willing private landowners and government agencies to conserve fish and wildlife habitat in Mississippi.

P.O. Box 10 | Stoneville, MS 38776
662.686.3375 | www.wildlifemiss.org