SECTION 2

2.5 CRITERIA FOR LAND OUT OF PRODUCTION AND CREP EQUIVALENT

Please use the following criteria whenever you are considering using ATCP 50.08(3) or 50.08(4) in conjunction with ATCP subchapter VIII practices. The following guidance and data sheets from the SWRM Working Manual should be consulted, if applicable:

1. Section 2.11 Step Chart: CREP-Equivalent Payments
2. Section 3.2, Data Sheet 1 Calculation of CREP Equivalent Payment authorized by ATCP 50.08(4).
3. Section 3.2, Data Sheet 2 Calculation of Land out of Production (LOP) Payment

Land Out of Production 50.08(3)(d)

1. Land out of production is a cost-share agreement. If it is on a voluntary basis, the cost-share rate can be negotiated. If the county requires the land to be taken out of production, then at least 70% cost-share $_{\text{reimbursement}}$ applies (90% for economic hardship).
2. On land taken out of production, either a practice must exist or be installed having a soil and water resource benefit.
3. The land taken out of production must be at least ½ acre. No existing facility or structure is eligible for land out of production.
4. The cost component of land out of production is: Value of land taken out of production (the per acre weighted average soil rental rate in the county on the date of cost-share) multiplied by the number of years and the acreage.
5. The agreement must be for 10 years.
6. Section 3 of the cost-share form should list the practice (for example grassed waterway) separate from the land out of production calculation. Cost of the practice may include maintenance of the practice (do not list maintenance separately). Practices such as 50.69 critical area stabilization, 50.71 field windbreaks, 50.72 filter strips, 50.75 livestock exclusion, 50.83 riparian buffers, 50.88 streambank and shoreline protection, 50.96 waterway systems, and 50.98 wetland restoration are eligible for LOP.
7. Indicate on the cost-share form in section 3 under the item description whenever the negotiated cost-share agreement rate is voluntary.

Riparian Land out of Production CREP Equivalent 50.08(4)

1. Land out of production is required to be riparian (land next to or draining to a wetland, stream, lake or drainage ditch). The cost-share rate is reimbursed at 100% as in the CREP program.
2. A practice must be installed on the land taken out of production and the eligible practices are: 50.96 grassed waterways, 50.72 filter strips, 50.83 riparian buffer and 50.98 wetland restoration.

3. The land taken out of production must be at least ½ acre. No existing facility or structure is eligible for land out of production.
4. The cost components of land out of production as shown in the Calculation of "CREP Equivalent Payment" data sheet (use the most current sheet available on the DATCP website).
   a) Calculate the weighted average rental rate (WARR).
   b) Calculate the federal and state equivalent payments (including incentive and maintenance) by taking the WARR multiplied by the number of years multiplied by the acres. This will determine the combined total rental payment. Calculate the "Equivalent Practice Payments (including Incentives). A practice payment is determined by taking (i) the allowable CREP practice rate multiplied by acres to arrive at the total eligible costs (ii) take 50% (Fed.), 20% (State) of the total eligible costs to determine the equivalent payment components and add 40% of the total eligible costs to determine the federal incentive component (iii) the total payment would be the sum of (i) and (ii).
5. The landowner must agree to keep the land out of agricultural production for 15 years, or in perpetuity, under contract terms equivalent to those that apply under the CREP program. "Addendum for CREP Equivalent Payment-15 Year Agreement" form number ARM-LWR-387 (Feb. 2006) must be completed and attached to the cost-share contract.
6. Under ATCP 50, the CREP Equivalent land out of production and corresponding practice payment ends when the CREP program expires.
7. Section 3 of the cost-share form should list the practice (for example grassed waterway) separate from the incentive payment for the land out of production calculations.
8. Indicate on the cost-share form section 3 under the item description whenever the negotiated cost-share agreement rate is voluntary.