

RESOURCE ENHANCEMENT AND PROTECTION PROGRAM (REAP)



SECTION THREE (3) GUIDELINES AND APPLICATION FOR THE SALE OF TAX CREDITS

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**PENNSYLVANIA STATE CONSERVATION COMMISSION
RESOURCE ENHANCEMENT AND PROTECTION (REAP) PROGRAM
GUIDELINES FOR THE SALE OF REAP TAX CREDITS**

Introduction

Act 55 of 2007 created the Resource Enhancement and Protection (REAP) Program. REAP allows farmers and businesses to earn tax credits in exchange for implementing “Best Management Practices” (BMPs) on agricultural operations that will enhance farm production and protect natural resources. Eligible REAP projects are approved by the State Conservation Commission (Commission), and actual REAP tax credits are awarded by the Pennsylvania Department of Revenue. REAP also allows other Pennsylvania taxpayers to purchase and utilize REAP tax credits for many of their Pennsylvania state tax obligations.

Use or Sale of the Tax Credit

A tax credit awarded in accordance with the REAP Program guidelines must first be applied against the applicant’s own tax liability for the taxable year during which the tax credit is approved. Awarded REAP tax credits may be used by the REAP applicant against the following qualified 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

Any unused REAP tax credit may not be carried back or refunded. If the REAP applicant’s current year tax liability is less than the amount of the tax credit, the applicant may:

1. Carry forward the unused portion of the tax credit for a period not to exceed fifteen (15) taxable years and use the tax credit to offset an eligible tax liability at some point during those years.
2. Apply to the State Conservation Commission for approval for the sale, including the transfer or assignment of all or a portion of the approved unused tax credit, to an identified buyer one year from the date the credit is awarded by the Department of Revenue.

The application form to apply to the Commission to sell a REAP tax credit is included in these guidelines as Appendix 1.

If a REAP applicant has a tax liability for the tax year in which the REAP tax credit is awarded, that awarded REAP tax credit must be used against that current year tax liability. However, in any subsequent year during the lifetime of the unused REAP tax credit (15 years), the REAP applicant is not required to use the tax credit from a previous year for the current year’s liabilities, and may sell the credit. When the REAP applicant submits an application to the Commission to sell all or a portion of the REAP tax credit, the applicant may no longer use that tax credit to offset an eligible tax liability, unless the application for sale is denied by the Commission, or the application for sale is withdrawn by the REAP applicant.

REAP Tax Credit Buyer

The buyer of the tax credits must be identified in the application for sale of the REAP tax credits submitted by the REAP applicant. A separate application must be submitted by the REAP applicant for each buyer. Prior to the approval of a sale by the Commission, the Department of Revenue must determine that the buyer has filed all applicable state tax returns and reports and paid all applicable state taxes.

The buyer must claim the full amount of the purchased REAP tax credit against any qualified tax liabilities in the taxable year of the buyer in which the application for the sale of the tax credit is submitted to the Commission. Any portion of the tax credit not used by the buyer in this year is lost and may not be used in any other taxable year. The amount of the purchased credit may not be used to offset more than 75% of the buyer's qualified tax liability in that taxable year. The buyer may not carry-over, carry back, obtain a refund of, or assign the REAP tax credit. The transfer of REAP tax credits will be closely coordinated with the Department of Revenue.

Application

REAP applicants wishing to apply for the sale of REAP tax credits must submit the application on the form included in these guidelines. (Appendix 1). Applications, including all required signatures and attachments, are to be submitted to:

Mary Bender
Attention: REAP Tax Credit Sale
State Conservation Commission
2301 North Cameron Street, Room 407
Harrisburg, PA 17110

For specific questions on the sale of REAP tax credits, contact the State Conservation Commission at 717-787-8821.

Appendix 1



APPLICATION TO SELL RESOURCE ENHANCEMENT AND PROTECTION (REAP) TAX CREDITS
PLEASE TYPE OR NEATLY PRINT

Date Received by SCC: _____
(To be completed by SCC)

REAP ID Number _____

1. Prospective REAP Tax Credit SELLER Information:

Name: _____

Address: _____

Telephone: _____

Fax: _____

Email address or other: _____

(Please use the name and address as on record with the PA Department of Revenue unless that on-file information has been changed and is no longer valid.)

Taxpayer Identification of Prospective Seller:
As provided on the REAP award letter received from the Department of Revenue

SSN _____ - _____ - _____ or EIN _____ - _____

Date of Approval of REAP Tax Credits to be sold: _____
As provided on the REAP award letter received from the Department of Revenue

Attach a copy of the REAP Tax Credit award letter received from the PA Department of Revenue to this application. Please use separate applications if REAP Tax Credits issued on different dates are to be sold.

Amount of REAP Tax Credit Awarded on Approval Date \$ _____

Amount applied to seller's current year tax obligation \$ _____

Current Available Tax credit balance \$ _____

Amount of Tax Credit to be sold on this application \$ _____

Signature(s) of Prospective SELLER

Signature(s):

_____/_____
Date Date

Printed Name(s):

Printed Title(s) or Affiliation to a Business *(if applicable)*:

(Indicate in what capacity you are signing – “Applicant”, “President”, “Partner,” etc.)

2. Prospective REAP Tax Credit BUYER Information

Name: _____

Address: _____

Telephone: _____

Fax: _____

Email address or other: _____

(Please use the name and address as on record with the PA Department of Revenue unless that on-file information has been changed and is no longer valid.)

Taxpayer Identification of Prospective **Buyer**:

SSN _____ - _____ - _____ or EIN _____ - _____

Signature(s) and Business Title of Prospective BUYER:

Signature(s):

_____/_____
Date Date

Printed Name(s):

Printed Title or Affiliation to a Business:

(Indicate in what capacity you are signing – “President”, “Partner,” etc.)

3. Information on the REAP Tax Credit Sale:

Total dollar Amount of REAP Tax Credits to be transferred or sold \$_____

Were the services of any agent(s) or facilitator(s) used to arrange this prospective REAP tax credit sale? Yes_____ No_____

If the services of any agent(s) or facilitator(s) were used, please identify the agent(s) or facilitator(s).

Name _____	Name _____
Address _____	Address _____
_____	Address _____
Phone Number __ () _____ - _____	Phone Number __ () _____ - _____

What, if any, fee or commission was, or is being, paid to each agent or facilitator listed above?

\$ _____	Agent or Facilitator _____
\$ _____	Agent or Facilitator _____

4. DEFINITIONS

Seller – REAP applicant to which the REAP tax credit was originally issued or approved, and who is applying to sell, transfer, or assign those credits.

Buyer – Entity that is purchasing the REAP tax credit from the applicant of issue, and to which the tax credit is to be sold, transferred or assigned.

Facilitator – Some person, business or organization acting to facilitate the arrangements between the Seller and the Buyer to complete the sale of a REAP Tax Credit.