

# County Agricultural Incentives Program 2025 STANDARD GUIDELINES



The **County Agricultural Incentives Program (CAIP)** offers 11 incentive areas that provide Kentucky agricultural producers cost-share assistance on practices that increase net farm income and opportunities to try new/innovative technologies or systems that improve farm efficiency and productivity.

Direct questions concerning these guidelines to the Kentucky Office of Agricultural Policy at (502) 573-0282 or [KOAP@ky.gov](mailto:KOAP@ky.gov). Applications to administer this program must be directed through the local County Agricultural Development Council.

## I. Application Guidelines

### A. Organization Eligibility

1. The local agency, which may include regional agencies, must be:
  - a. Composed of three (3) or more individuals;
  - b. Registered and in good standing with the secretary of state's office (exceptions: conservation districts & fiscal courts);
  - c. Bonded;
  - d. Have a Federal Tax ID number; and,
  - e. Willing to administer the full responsibilities of the program, including random, periodic site visits, as outlined in Section II.A.5. Site Visits.
2. A copy of minutes or other documentation from the administrative entity that includes the following:
  - a. Specific individuals responsible for administering and reporting on the program;
  - b. Signatory authorization of the authorized representative to sign legal agreements on behalf of the administering entity; and,
  - c. Designated individuals on the scoring committee.
3. The administrative entity shall identify two co-signers for the purpose of signing checks and disbursing funds from the program's account. One identified signer shall be bonded and documentation of bonding or appropriate insurance shall be submitted with either the application or the signed Legal Agreement.
4. The organization must be in good standing with KOAP and not have been suspended from administering programs by KOAP within the last 12 months.

### B. Requests to Administer CAIP

1. The *County Agricultural **Incentives** Program (CAIP)* application, including cover sheet and all other documents specified in the application, must be submitted for new program requests. Additionally, a *CAIP Prioritization Sheet* that has a minimum of five original signatures and a priority designated shall be submitted by the County Agricultural Development Council.

Requests for additional funds, within the terms of the original agreement, require the *Amendment Request Form*, the *CAIP Prioritization Sheet* and a *letter explaining the need for this request*.

2. All applications and amendment requests are due to the Kentucky Office of Agricultural Policy (KOAP) office by the last Friday of the month, unless otherwise noted due to office closings.
3. Agricultural Development Funds contributed to the CAIP cannot exceed the percent match denoted in the Incentive Area Guidelines.

## II. Administrative Entity's Responsibilities

### A. Administrator Requirements

1. An administrating entity shall be made up of three or more individuals, with at least two co-signers for the purpose of signing checks and disbursing funds from the program's account.
2. **Scoring Committee:** Each producer application shall be scored by three or more individuals.
  - a. County Agricultural Development Council members shall not score applications.
  - b. Cooperative extension agents shall not score applications.
  - c. Scoring Committee members and their households may not apply for CAIP funding.
3. One or more local agencies may combine administrative functions to create more efficient program administration.
4. **2025 Required Training:** The individuals of the administrating entity who are responsible for daily management of the program, including funds disbursement and reporting, shall participate in a training session with KOAP staff **prior to execution of a new legal agreement**. Training may include any one of the following hosted by KOAP:
  - a. Regional workshop, including virtual
  - b. One-on-One Consultation
  - c. Recipient Orientation
  - d. Other comparable training session, as approved by KOAP staff
5. **Site Visits:** The administrative entity shall ensure the following, in relation to site visits:
  - a. A minimum of 25% of approved applicants or 13 recipients, whichever is lesser, receive a site visit in the program year.
  - b. All capital construction projects shall receive a site visit.  
This includes infrastructure/facilities available in any Incentive Area, especially *Innovative Agriculture Systems, Farm Infrastructure, Fencing & On-Farm Water*, and the "Certified/Commercial Kitchen" category in *Value-Added & Marketing*.

### B. Fiscal Requirements

1. The program administrator shall ensure that commingling of Kentucky Agricultural Development Funds (KADF) with other funds does not occur. The KADF program funds shall reside in a unique and separate bank account from any other account.
2. Administrators who are the fiscal agent for multiple counties shall keep one account per county.
3. If funds set forth in the agreement between the Agricultural Development Board and the administrator are not completely utilized within the term of the Legal Agreement, remaining funds including interest and unused administrative funds shall be returned to KOAP for redeposit into the county's account.

Checks shall be made payable to the **Kentucky State Treasurer** and mailed to the Kentucky Office of Agricultural Policy/107 Corporate Drive/Frankfort, KY 40601 (include application number in the memo section).

4. Reporting shall be submitted regarding funds expended according to section V. Reporting Requirements.

### **C. Legal Agreement**

1. Legal Agreements between the administrative entity and the Agricultural Development Board shall be for a term no longer than 12 months from the execution date of the Legal Agreement. There will be no renewals or extensions of this Legal Agreement.
2. A Legal Agreement is executed once signed by an authorized representative of the Kentucky Agricultural Development Board.

### **D. Advertising & Promotion of Program Availability**

1. Local CAIP advertising and producer sign-ups shall not occur prior to the execution of the Legal Agreement.
2. After receiving a copy of the executed Legal Agreement, there shall be a minimum of three consecutive weeks of advertising and promotion.

For example, when the administrator receives a copy of their executed Legal Agreement, they may begin advertising for sign-ups. If the first advertisement/announcement runs January 15, then advertising and promotion of the program continues through at least February 5.

3. Advertising/promotion is required for each sign-up period.
4. A minimum of two forms of promotion shall prominently display when and where producer sign-ups will occur. One form must be written (newspaper, extension newsletter, etc.). This may include, but not be limited to a newspaper advertisement, Facebook, extension newsletter, website, posted flyer, or other promotion method.
  - a. The methods chosen in each county should provide the broadest coverage to reach the most producers.
  - b. Proof of promotion shall be submitted with the 6-month report to KOAP.
  - c. Press releases sent by KOAP do not fulfill this advertising/promotion requirement.

### **E. Producer Application Availability**

1. Following execution of the Legal Agreement, producer applications shall be made available to producers for a minimum of 15 business days.
2. The application period may coincide with the advertising and promotion period.
3. **Access to producer applications shall not be tied to attendance at a meeting.**
4. Anyone meeting eligibility requirements may apply for CAIP.

## F. Fund Acknowledgement

1. There shall be an acknowledgement in any grants awarded, publications, brochures, articles, advertising, correspondence, or promotional material that a portion of the funding for this project was provided by the Kentucky Agricultural Development Fund. Copies of said publications, brochures, etc. shall be kept on file with the administrator.
2. The KADF logo is available for usage when advertising the County Agricultural Incentives Program (CAIP) - <https://www.kyagr.com/agpolicy/Kentucky-Agricultural-Development-Fund-Administrators.html>.

## III. Administrative Expenses

1. All CAIPs shall have a 6% limit on all administrative funds based on the amount awarded.
  - a. Any remaining unused administrative funds shall be returned to KOAP and credited to the county account for future programs.
2. Administrative Funds are intended to pay expenses related to administering the CAIP. Funds shall not be used for unrelated expenses. A budget for administrative funds shall be submitted as part of the Application to Administer CAIP.  
*KOAP reserves the right to request proof of expenses.*
3. CAIP administrative expenses may be used for:
  - a. Promotion of program availability;
  - b. Cost of bonding;
  - c. Processing of producer applications;
  - d. Processing of producer payments;
  - e. Program compliance activities;
  - f. Completion of reporting forms;
  - g. Opening and/or maintaining a checking account related to CAIP.

If you have questions concerning approved administrative expenses, please contact KOAP.

***Note: If an administrative entity chooses to pay an individual for administrative services, it is highly recommended that a record of hours worked be kept with the administrative expenses file – even if a flat fee is paid.***

## IV. Producer Application and Reimbursement Procedures

### A. Producer Application

1. The Universal Producer Application developed by the Kentucky Agricultural Development Board shall be used by all CAIP administrators. The Universal Producer Application will be emailed with the executed Legal Agreement.
2. The Administrative Entity chooses **one** of the following options:
  - a. Each approved applicant is automatically awarded the full amount (producer maximum), or
  - b. Applicants may request less funding than the producer maximum, to allow more awards to be made; this will be reflected on the producer application.
3. The Universal Producer Application must be signed and dated by the producer and include the initials of the person accepting the application.
4. A Universal Producer Application from an individual without a Social Security Number (SSN), Farm Serial Number (FSN), and signature shall be considered **incomplete**.

Prior to approval, tenant farmers or those leasing land where capital construction improvements will be located must provide the Tenant/Owner Acknowledgement Form, an FSA-578, or a redacted copy of their Schedule F and written approval from the landowner, giving permission to use the owner's FSN and granting access to the cost-share item(s) for a minimum of five (5) years.

5. A statement regarding the understanding of requirements by the producer and verification of the producer's total cost-share awarded under this program shall be included with the application.

### B. Application Submission

1. Deadlines shall be established for Universal Producer Application submission and reimbursement of eligible expenses, so that producers have a timeframe to implement their projects. Should a producer fail to meet the reimbursement deadlines, cost-share funds shall not be provided.
2. The Universal Producer Application shall be submitted to, scored, and approved by the program administrator before a producer may receive reimbursement for any costs incurred.
3. All administrators/administrative entities shall use the scoring system and must establish a minimum score\*, submitting that minimum score on the *CAIP Prioritization Sheet*. All applicants requesting funds shall complete the CAIP Producer Application and receive a score.

Counties that choose to pro-rate all approved applications must use the minimum score submitted on the *CAIP Prioritization Sheet*. Only the number of applications that are at or above the minimum score shall be used to calculate the pro-rated amount to award.

*\*The statewide minimum score is 44 but may be raised if a county so chooses.*

4. In the event that an additional tie breaker is needed – the following are not eligible to use in "breaking ties": alphabetical; date/time stamp; first come, first served; lottery drawing.

The most common method of breaking ties is to pre-select one or more questions that will be used to rank individuals at the same score.

Another option is to pro-rate the remaining funds across all individuals at a given score. Administrative entities that choose to pro-rate tied applications should establish procedures prior to accepting applications.

Please contact the KOAP if you have questions regarding how and when to break ties, and how to pro-rate ties.

5. The program shall be open to all county producers and shall not be tied to participation in any organization.
6. An application shall not be rejected based on the applicant's county residency. An application shall be accepted if the applicant's farm is located in the county and the cost-share will be used in the county, even if the Farm Serial Number (FSN) is registered in another county.
7. Counties may choose to limit eligible producers to receive funding every other year. This rule applies to anyone within the same household; members of the same household are excluded from receiving funds in the program year following a funding approval.
  - a. This decision must be indicated at time of application and included in the Legal Agreement with the KADB.
  - b. All producers must be notified of this county policy at the time of application.
  - c. It is the administrative entity's responsibility to verify eligibility and monitor compliance if this policy is adopted by the county.

#### **C. Decision Notification**

1. After scoring is completed and any necessary verifications made, administering entities shall notify all applicants, in writing, if their submitted applications were approved, denied, or put on a waiting list.
2. The KADF letterhead template shall be used when communicating with all applicants.
3. A copy of all decision correspondence sent shall be kept on file.

#### **D. Disbursement of Funds**

1. Funds disbursed to producers will be on a reimbursement basis, upon completion of the project.
2. Approved producers shall submit the **Producer Report & Certification Form** before reimbursement funds are received.

The *Producer Report & Certification Forms* are for the Administrator to use in filling out the reports for the program and to maintain on file.

3. Site visits prior to disbursement of funds for new capital construction projects are encouraged.
4. Each producer who receives \$600 or more shall be supplied an IRS form 1099 or equivalent tax accounting documentation. The program administrator is responsible for distributing the necessary tax information.

5. The County Agricultural Development Council may choose to approve eligible cost-share expenses for reimbursement on a retroactive basis. However, this retroactive date shall not exceed six (6) months prior to the execution of the Legal Agreement for this program.
6. CAIP funds received shall be used for improvements on the land assigned to the Farm Serial Number (FSN) provided on the producer's application, independent of the county in which the FSN is registered.
7. CAIP funds received shall be used for improvements in the county in which funds are awarded, regardless of the counties the FSN may span.  
If the FSN spans multiple counties, then the producer shall provide verification that all projects are located in the county in which funds are awarded. There are no exceptions to this policy.

## V. Reporting Requirements & Compliance

1. KOAP will conduct compliance visits throughout the state to ensure that proper procedures and guidelines are being followed.
2. Incentive Area guideline compliance and reporting of expenditures are essential to gauging the impact and continuity of the program. Therefore, CAIPs may be reviewed on a random basis. The administrator/administrative entity shall be asked to produce all documents pertaining to individual producers who participate in this program, as well as other appropriate financial documents.
3. **Reporting: Semi-annual reporting**, which includes the **CAIP Summary** and **Producer Detail Report**, is required of the program administrator six (6) months after the execution date of the Legal Agreement and again at the 12-month anniversary of the agreement.  
The reporting workbook may be downloaded from <https://www.kyagr.com/agpolicy/Kentucky-Agricultural-Development-Fund-Report.html>. The reporting workbook shall be completed in its entirety and uploaded to the secure submission site at <https://www.kyagr.com:442/login> with username: KADF.Upload, password: UploadMyReport#1.  
  
Program **Close-Out** is due 60 days after the final report is submitted or the term of the Legal Agreement has expired, whichever comes first. This includes submitting copies of cancelled checks issued to producers and returning unused funds. Administrators shall maintain all administrative records for this program for a period of seven (7) years.
4. The **Completion** of this agreement may occur when the above reporting and close-out are completed and verified. A completion letter and a summary of expenditures will be emailed to the administrative representative and to the chairman of the County Agricultural Development Council.
5. The 12-month Semi-Annual Reports and any unused funds shall be submitted prior to execution of a new Legal Agreement for subsequent CAIPs in the county/by the administrator.  
(Submittal of cancelled checks will not delay execution of a new Legal Agreement, unless past close-out deadline.)
6. Administrators/administrative entities that fail to comply with the program guidelines, or who are delinquent in reporting, may be placed on a "watch list," "probation," or "suspended."  
Administrators who are "suspended" will no longer be eligible to administer Kentucky Agricultural Development Fund programs/projects. KOAP Compliance & Monitoring Policies are available online at <https://www.kyagr.com/agpolicy/Kentucky-Agricultural-Development-Fund-Report.html>.

**THE FOLLOWING SECTION IS PROVIDED TO ALL PRODUCERS APPLYING FOR CAIP FUNDS AS  
PART OF THE UNIVERSAL PRODUCER APPLICATION**

## **VI. Producer Guidelines & Responsibilities**

*Funded participants shall adhere to all local, state, and federal rules and regulations.*

***Any application that does not meet eligibility requirements will not be scored.***

*The County Administrative Entity and/or the County Program Administrator reserves the right to request or require additional documentation to verify information provided in producer's application.*

*Confirmation of fraudulent responses shall result in disqualification for participation in this year's CAIP.*

*Applicants are only eligible to receive funds in **one** of the following programs per program year: **CAIP, Next Generation Beginning Farmer, Youth Agricultural Incentives Program***

### **A. Eligibility Requirements**

Only one application per household will be considered for funding. A household for the purpose of this program is defined as follows:

#### **1. HOUSEHOLD**

- a. Only **one** individual per household, regardless of county, is eligible to **apply for** CAIP funds within a program year. Proof of residency is required to verify that multiple individuals within the same household are not applying.
- b. **Additionally**, all applicants must be a resident of Kentucky.
- c. Residency is determined by a valid Kentucky driver's license or photo ID and one utility bill. The address on both the ID and utility bill must match the address provided on the CAIP application. A copy of both shall be submitted and placed in the file with the application.

#### **2. TENANT/OWNER**

*If applying as a tenant/landowner, then the following also apply:*

- a. Tenant farmers are required to obtain written permission from the landowner to use the landowner's FSN on a CAIP application. Written permission must be submitted with the application to be eligible. The tenant farmer must submit either an FSA-578 form **or** a redacted copy of the tenant's schedule F **and** written approval from the landowner, giving permission to use the owner's FSN and granting access to the cost-share item(s) for a minimum of five (5) years.
- b. **Additionally**, the tenant farmer must submit the "Tenant/Owner Acknowledgement Form" prior to approval.
- c. **Limitations** for Tenant/Owners that both apply for CAIP:
  - i. A tenant farmer and a landowner are both eligible to apply with separate FSNs; however, both may not receive funds within the same Incentive Area.
  - ii. In the event a tenant secures written permission from the landowner and both apply for CAIP, the tenant farmer and landowner are prohibited from applying for funds **within the same Incentive Area** in the same program year.

#### **3. PRODUCER DEFINITION**

- a. A producer is defined by use of **Social Security Number (SSN) and Farm Serial Number (FSN)**. **Both shall be provided when applying.** Once the Social Security Number (SSN) or Farm Serial Number (FSN) is used, neither are eligible to be used again once the annual limit is reached.

[Example: SSN – 123-45-6789 combined with FSN – 4567,  
would discontinue the eligibility of both the SSN and FSN.]

- b. Producers who intend to take part in the program shall supply a Social Security Number (SSN) and Farm Serial Number (FSN) to receive payment. Both of these numbers must be supplied to the Kentucky Agricultural Development Board.

The Kentucky Agricultural Development Board recognizes every applicant's right to privacy and understands its obligation to keep applicant/producer information confidential. Any information provided to the Kentucky Agricultural Development Board or Program Administrator on individual producer applications for CAIP, such as the applicant's Social Security Number and Farm Serial Number, will be kept confidential by authority of the Kentucky Agricultural Development Board as granted in KRS 248.701 to 248.727 and by KRS 61.878. The Kentucky Agricultural Development Board does not disclose any nonpublic personal information regarding applicants/producers, past or present, except as permitted or required by the Kentucky Open Records Act, KRS 61.870 to 61.884 or other law(s).

- c. Producers must be 18 years of age or older at the time of application to apply for CAIP funds.
  - d. Counties may choose to limit eligible producers to receive funding every other year. If a county has adopted this policy, it will be printed in bold on the front page of the county's Universal Producer Application.
4. Applicants shall have completed a Kentucky Agriculture Water Quality Act (AWQA) Plan with either the complete plan or a self-certification form the farm for which CAIP funding is requested and provide verification or documentation with application.
  5. Applicants may submit a **voluntary** third-party information request form for the Farm Service Agency (FSA) with their application to allow the program administrator to request information directly from FSA, with the producer's permission.
  6. EXCLUSIONS  
*The following individuals are ineligible to apply for CAIP funding:*
    - a. Members of the Scoring Committee (see II.A.2.) and their households.
    - b. **Beginning in 2020**, the program administrator (*individual(s) managing the program*) and members of his/her household will be ineligible to apply for CAIP.

## **B. Cost-Share Reimbursement**

1. Funds disbursed to producers shall be on a reimbursement basis, **upon completion of the project**.
2. CAIP funds received shall be used for improvements on the land assigned to the Farm Serial Number (FSN) provided on the producer's application, independent of the county in which the FSN is registered.
3. A producer is eligible for up to the county's maximum cost-share per producer limit not to exceed \$5,000. Producers shall not receive more than \$5,000 statewide per producer per program year (program year is defined by the year the application is approved by the Kentucky Agricultural Development Board).
4. In the event that it is determined that a producer has received more than \$5,000 in a program year, then the producer will be asked to return the amount over \$5,000 to the last county that reimbursed the producer.

If the producer fails to reimburse the amount over \$5,000, then the producer is ineligible to receive further CAIP funding (statewide) until repayment is made.

5. The producer shall supply a dated receipt indicating buyer and seller information, along with a description of the item(s) purchased in order to be eligible for payment. **Payment shall only be made for eligible cost-share items.**
6. **NO CASH PURCHASES** are allowed for reimbursement.
7. **Beginning in 2020**, producers shall submit proof of payment before reimbursement funds are received – either a cancelled check, copy of relevant credit/debit card statement, financing paperwork, or other method of payment, excluding cash.
8. Approved producers shall submit the *Producer Report & Certification* form completing the sections for the program/incentives being cost-shared, **before** reimbursement funds are received.
9. **Deadlines:** Should the producer fail to use approved funds by the program administrator's reimbursement deadline, said funds shall be reallocated to the next eligible applicant time permitting.

### C. Exclusions

1. Reimbursements for purchases, including labor, from the producer's immediate family (e.g. father/mother, son/daughter, brother/sister, aunt/uncle, niece/nephew), including in-laws and stepfamily, are not eligible.
2. Cost-share shall not be provided for items traded or sold between producers who share interest in a farm operation. This includes the use of a third party to buy/sell the same items amongst the producers.
3. Documented hired labor is an eligible cost-share item; however, reimbursement will not be awarded for labor provided by the producer and/or the producer's immediate family (e.g. father/mother, son/daughter, brother/sister, aunt/uncle, niece/nephew), including in-laws and stepfamily.
4. **Beginning in 2010**, all transport equipment was removed as eligible cost-share items from all Incentive Areas. This exclusion includes trailers, wagons, and carts with the primary function of transportation.
5. **Beginning in 2012**, all fertilizer, pesticide, herbicide, and soil amendments were removed as eligible cost-share items from all Incentive Areas.

### D. Educational Requirement

1. Participation in CAIP requires the applicant to complete a minimum of one (1) educational component prior to the disbursement of funds related to farm management, production, best management practices or marketing. Eligible sessions include extension-sanctioned activities, such as workshops, seminars, field days, online courses, webinars, etc.
  - a. Documentation of attendance is required, and the session must not have been submitted to meet the CAIP education requirement for a prior year.
  - b. A county extension agent must approve all educational components by signing an individual producer's "Certification for Educational Requirement" form.  
*In special circumstances, Agents may use discretion on who completes the educational requirement with prior notification to KOAP.*
  - c. Cost-share payments shall not be issued to producers before the educational requirement has been met. *The educational component may be attained any time prior to disbursement of funds, but no more than 6-months prior to the execution of the Legal Agreement.*

2. **Educational Videos:** The following Incentive Areas have an optional educational video component. The videos may fulfill the educational requirement referenced in D.1. above. Producers who wish to complete one of the following videos or an online course, webinar, etc. must have **prior approval** from county extension agent.

- a. Large Animal – “Cattle Genetics”
- b. Farm Infrastructure – “Commodity Storage & Livestock Handling”
- c. Fencing & On-Farm Water – “Installation & Regulations”
- d. Forage & Grain Improvement – “Farm Practices & Recommendations”
- e. AgTech & Leadership Development – “Farm Safety”

*All educational videos are available through the County Cooperative Extension Service.*

3. **Exclusion:** Attendance at an informational meeting to review updated guideline changes and discuss the producer application **does not** satisfy this requirement.

#### **E. Capital Improvements – Equipment, Fencing, Farm Structures**

1. CAIP funds received shall be used for improvements in the county in which funds are awarded, regardless of the counties the FSN may span.

If the FSN spans multiple counties, then the producer shall provide verification that all projects are located in the county in which funds are awarded. There are no exceptions to this policy.

2. Producers shall maintain ownership of the property for five (5) years past the participation date in the program.
- a. Should a producer fail to maintain ownership of property for the entire 5-year period, administrators shall request a return of funds on a pro-rated basis.
  - b. Emergency early release is possible in the case of death, illness, physical inability, or transfers within immediate family and must be approved by the local administrative entity and documentation kept on file for future reference.
  - c. Failure to return funds will result in the producer being ineligible to receive additional Kentucky Agricultural Development Funds until repayment is made.
  - d. Administrators shall provide producers failing to meet the ownership requirement a written notice, giving a minimum of 30 days to repay the pro-rated amount.
3. **Producers shall retain adequate insurance coverage**, if applicable, to replace any and all capital improvement/equipment projects funded with Kentucky Agricultural Development Funds. *Proof of insurance may be requested by the program administrator at the time of reimbursement or during a site visit.*
4. Prior to approval, tenant farmers or those leasing land where capital construction improvements will be located must provide the Tenant/Owner Acknowledgement Form, an FSA-578, or a redacted copy of their Schedule F and written approval from the landowner, giving permission to use the owner’s FSN and granting access to the cost-share item(s) for a minimum of five (5) years.