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COMMERCIAL FARM PFAS INCOME REPLACEMENT PROGRAM

Commercial farms that have ceased selling some or all products due to PFAS contamination may apply for income replacement support from the Department of Agriculture, Conservation and Forestry (DACF). The reimbursement may be up to one year of lost gross income, adjusted for inflation. Reimbursement qualifications and total support amounts depends on meeting the requirements explained below. Reimbursement payments are considered taxable income.

What are the requirements to be reimbursed for lost income? ?

1. You must be a commercial farm that has DACF-confirmed unsafe levels of PFAS contamination.
 - a. A water test result of 20 ppt or higher for wells servicing the farm or fields *and/or* soil test results exceeding Maine CDC’s current [crop specific soil screening levels](#) **and**
 - b. One or more samples of farm products showing PFAS exceeding current Action Levels or deemed of concern by the Maine CDC.
 - c. Farms have a demonstrated loss of income due to stopping or reducing sales of farm products at the recommendation or order of DACF as a result of the PFAS contamination.

How will income and losses be calculated? \$

1. DACF will review submitted materials to determine a baseline for calculating income replacement. This starts by reviewing a farm’s gross income using either: 1) the prior year’s gross income before the discovery of PFAS; or 2) averaging the top three grossing years out of the past five years prior to the discovery of PFAS. Farms may choose which model they prefer to use. This becomes the baseline income amount, subject to additional changes.
 - a. DACF will subtract from the baseline any “irregular” (or one-time) payments, such as prior state or federal grant awards reported in the farm’s tax filing(s).
 - b. DACF will subtract from the baseline any PFAS related support payments the farm is receiving (such as MOFGA or MFT support payments, USDA’s Dairy Indemnification Payment Program (DIPP) assistance, etc.).
 - c. DACF will subtract from the baseline current income generated by the farm through the sale of products not impacted by PFAS.
2. The cost of inflation will be incorporated into the baseline calculation, per rates published by the US Bureau of Labor Statistics.
3. Final payments will be based on actual losses incurred, accounting for any revenue generated and other factors.

DACF will work with farms over the course of a full year to monitor lost income against the baseline calculation and make payments as needed on an ongoing basis.

Example of income and loss calculation:

A PFAS contaminated farm lost sales in Q1 2022 but continued to derive some income. They provided their tax information for the prior year. The baseline income calculation is as follows:

- 1) 2021 Schedule F Gross Income: \$100,000
 Subtract Irregular grant assistance from ‘21 (\$10,000)



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Subtract 1099-G Ag Program Payments from '21 (\$750)

Subtotal: \$89,250. This is the maximum amount of income that may be replaced, not including inflationary adjustments.

2) Calculate Inflationary Loss

- a. Multiply baseline (\$89,250) x Q1 2022 Average Rate of Inflation (7.97%) = \$7,113.22 total inflationary loss adjustment

The farm's profit and loss report for Q1 showed that the farm derived some income, but overall, they lost \$25,000 as compared to the previous year. The farm did not receive any other income support payment during Q1 2022. The farm's first income replacement payment for Q1 2022 will be \$25,000, plus a portion of the inflationary adjustment (3 months, or $1/4 * \$7,113.22 = \$1,778.31$), for a total payment of \$26,778.31. The farm can continue to submit profit and loss information to DACF for a total of twelve months, which DACF will review to determine payment amounts. Total payments are not to exceed the baseline total plus the total inflationary loss. Inflationary loss will be recalculated if payments extend to Q2 or beyond.

Note that this is a basic example – each farm will have its own unique circumstances which DACF will communicate and discuss closely with them.

What needs to be submitted?



1. [Income Replacement application form created by DACF](#); including
 - a. Narrative regarding farm's business operations and sales prior to discovery of PFAS (max 1 page)
 - b. Narrative regarding impact of PFAS contamination upon the farm business (max 1 page)
 - c. Supporting financial documentation, including:
 - i. Complete copy of prior year's Federal Income Tax Returns **or** Federal Income Tax Filings for the past 5 years (if electing to average top 3 grossing years).
 - ii. Current Year to Date Income Statement / Profit and Loss (P&L). Additional monthly P&L's are to be provided throughout the year.
 - iii. Prior Year Profit and Loss (P&L) statements by month
 - iv. Other relevant documentation demonstrating loss of sales and current financial situation.
2. Documentation demonstrating financial payments received by month from state, federal, or non-profit entities specifically related to PFAS assistance (DIPP, MOFGA/MFT).
3. A completed [State of Maine Vendor Authorization form](#).

What is the timing?



1. Farms may elect to receive payment in one of two schedules:
 - a. An initial payment of 30% of established baseline gross income, followed by additional payments on an established actual profit and loss monitoring and payment schedule.
 - i. Note that if a farm ultimately does not lose 30% of the baseline gross income, the farm will have to pay DACF back the amount of overpayment.
 - b. Work with DACF to track actual losses incurred, with DACF making regular corresponding payments. (*See example calculation above for a simplified illustration of how this is derived*).
2. In either case, DACF strives to make an initial payment within 45 days of receipt of a complete submission and additional payments within 30-90 days.
3. Payments may be received beyond a 12-month period, provided the one-year gross income cap has yet to be reached.

DACF reserves the right to amend program parameters and criteria at any time. Commercial Farm PFAS Income Replacement Program payments are subject to the availability of DACF's PFAS funding.

Contact DACF staff at pfas.dacf@maine.gov

