



Farm Bill 2002

Beginning and Limited Resource

Farmer or Rancher Definitions

January 2005

Beginning Farmer or Rancher

Definition

A Beginning Farmer or Rancher means an **individual** or **entity** who:

- Has not operated a farm or ranch, or who has operated a farm or ranch for not more than 10 consecutive years. This requirement applies to all members of an entity,
- Will materially and substantially participate in the operation of the farm or ranch.
 1. In the case of a contract with an individual, individually or with the immediate family, material and substantial participation requires that the individual provide substantial day-to-day labor and management of the farm or ranch, consistent with the practices in the county or State where the farm is located
 2. In the case of a contract with an entity, all members must materially and substantially participate in the operation of the farm or ranch. Material and substantial participation requires that each of the members provide some amount of the management, or labor and management necessary for day-to-day activities, such that if each of the members did not provide these inputs, operation of the farm or ranch would be seriously impaired.

Limited Resource Farmer

Definition

A Limited Resource Farmer or Rancher or Forest Owner is:

1. A person with direct or indirect gross farm sales not more than \$100,000 in each of the previous two years.*1
2. A person with a total household income at or below the national poverty level for a family of four or less than 50 percent of county median household income in each of the previous two years.*2

*1 This value will be increased beginning in fiscal year 2004 to adjust for inflation using the "Prices Paid by Farmer Index" compiled by NASS.

*2 Total household income will be determined annually and indexed for inflation using Commerce Department Data.

Limited Resource Farmer and Rancher Self-Determination Tool can be accessed at

<http://www.nrcs.usda.gov/programs/smlfarmer/tool.asp>