



Ag Connection

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Beneficial Ownership Interest Reporting

The Corporate Transparency Act (CTA), which was passed by Congress in 2020 requires non-exempted companies to report information about their companies and their beneficial owners to the Financial Crimes Enforcement Network (FinCEN) beginning in 2024. The CTA requires millions of small businesses, including small limited liability companies (LLC), corporations and limited partnerships to file beneficial ownership information (BOI) reports in 2024.

Existing entities have until January 1, 2025, to make their first beneficial ownership information (BOI) report. Entities first created or registered in 2024 will have 90 days from creation to get their first reports filed. In addition, once a reporting company has filed its first report, it must file a new report any time the reported information changes, making the prior report inaccurate. Companies have 30 days to report any changes for updates to reported information. The 30 days begins once the company becomes aware of the inaccuracy.

The CTA was enacted as part of the Anti-Money Laundering Act of 2020 in the National Defense Authorization Act for Fiscal Year 2021, Public Law 116-283. The CTA was enacted to prevent money laundering, corrupt financial transactions, and financial terrorism. It requires FinCEN, which is a bureau of the U.S. Treasury, to establish and maintain a national registry of beneficial owners of entities that are otherwise not subject to disclosure regulations.

Who needs to report? Entities created by the filing of a document with the secretary of state or any similar office under the law of a state or Indian tribe. In general, limited liability partnerships, limited liability limited partnerships, some business trusts, and most limited partnerships are also required to file reports if they are not otherwise exempt. Single-member limited liability companies (SMLLC), disregarded for tax purposes, are not generally exempt from the reporting requirements.

Who must report?

Entity Type	Reporting Entity (<i>unless exempt</i>)
LLC	Yes
SMLLC	Yes
General Partnership	No
Sole Proprietorship	Not unless Corporation or LLC
Limited Partnership	Yes
S Corporation	Yes
C Corporation	Yes
Trust	Not unless required to file with Secretary of State, but trustees or beneficiaries may be beneficial owners of other reporting entities

FinCEN lists 23 types of entities specifically excepted from reporting requirements. For the

most part they are excluded because other laws regulate the entities separately. Entities excepted include banks, credit unions, insurance company, tax-exempt entity and more. The entire list is on the FinCEN website under the frequently asked questions.

There is an exemption for companies with 20 or more full-time U.S. employees, more than \$5 million in sales, and a physical operating presence in the U.S.

The report needs to include the beneficial owners. In general, the beneficial owners are individuals who:
1) directly or indirectly exercise “substantial control” over the reporting company **or**
2) directly or indirectly own or control 25% of more of the “ownership interests” of the reporting company.
Substantial control of a reporting company is when individuals direct, determine, or exercise substantial influence over important decisions of the reporting company.

There are penalties for noncompliance. It is unlawful for any person to willfully provide, or attempt to provide, false or fraudulent BOI. The CTA authorizes reporting failure penalties of not more than \$500 (\$591 in 2024, indexed for inflation) for each day that the violation continues or has not been remedied. The statute also calls for criminal penalties of up to two years imprisonment and a \$10,000 fine. In the preamble to the rule, FinCEN states that it “intends to prioritize education and outreach to ensure that all reporting companies and individuals are aware of and on notice regarding their reporting obligations.”

There are court challenges going on currently, specifically *National Small Business United v. Yellen*. Additional challenges are pending. Will there be more clarification before the end of the year? It remains to be seen how quickly these cases will move through the court system.

Who should file the BOI report?
FinCEN has stated that anyone whom the reporting company authorizes to act on its behalf – such as an employee, owner, or third-party provider may file the report on the company’s behalf. Third-party providers may include professionals who form entities for clients such as attorneys. Some non-attorney professionals may report. Individuals may report directly on the FinCEN website.

The deadline for entities formed prior to 2024 is the end of this year. Now is the time to read and learn from the websites below. Now is the time to consider who will file the report – one of the owners or a third party? If using a third-party, contact the business early since several million entities will be reporting. Will the court challenges affect reporting? It is unknown when the cases will be decided.

Resources:

Most of the content for this article came from articles published by Kristine Tidgren, attorney, Iowa State University, Center for Ag Law and Taxation
<https://www.calt.iastate.edu/article/beneficial-ownership-information-reporting-update>

National Ag Law Center, recorded webinar with Kristine Tidgren March 2024 <https://nationalaglawcenter.org/webinars/>

FinCEN <https://www.fincen.gov/boi> (filing information, extensive FAQ and videos)

Source: *Mary Sobba, ag business specialist*



Pesticide License Changes Coming in 2025

Farmers who apply restricted use pesticides (RUPs) on owned property or rented property, must hold a valid Private Pesticide Applicator license to purchase, mix, and apply these products. Restricted use pesticides have been classified as such because without additional training of the applicator, these products pose a risk to humans or the environment. Proper training is essential to ensure the safety of not only the applicator, but also to protect the environment and other individuals who may come in contact with pesticides or the treated areas. All RUPs will be clearly marked with the words “RESTRICTED USE PESTICIDE” on the front panel of the label. General use pesticides do not require a license to purchase or apply unless it is being done for hire. Anyone who applies pesticides for hire, must hold a valid Commercial Pesticide Applicator license.

New rules go into effect on January 1, 2025, which impact certified pesticide applicators. The number of core competencies which must be taught to private pesticide applicators increased from five to 10. Certified private pesticide applicators may continue to operate under the current license until the expiration date listed on the license, although a few changes go into effect immediately on January 1, 2025.

Categories of PPAT	
Category 20:	Private Pesticide Applicators License (required)
Category 21:	Soil fumigants
Category 22:	Non-soil fumigants (ex. grain bins)
Category 23:	Aerial application (airplane, helicopter, drone)

A few of the significant changes are listed below.

Effective January 1, 2025, for ALL Applicators of RUPs:

- Certified private pesticide applicators can no longer supervise uncertified employees or family members who use RUPs. Every person who purchases, applies or handles RUPs in any manner, will be required to have a license. This includes employees who mix RUPs, employees who load sprayers with RUPs, employees who dispose of RUPs or the containers, and employees who clean sprayers that have been used to apply RUPs. An

employee's license will be linked to the employer. A farm worker may hold more than one private applicator license if employed by more than one certified private pesticide applicator.

- Immediate family members of certified private pesticide applicators, age 16 or 17, can obtain a Provisional Private Pesticide Applicator license. This license allows the provisional applicator to handle and apply RUPs, but not purchase them. A provisional private pesticide applicator cannot use RUPs for an aerial application, and the RUP cannot be a fumigant or a product that contains sodium cyanide or sodium fluoroacetate.

Effective Upon *Renewal* of a Private Pesticide Applicator License:

- The private pesticide applicator license obtained after January 1, 2025, will indicate the applicator has a Category 20 license. The license will be valid for five years. There will be a \$75 fee to obtain a private pesticide applicator Category 20 license via in person class or online course. A third option of taking an exam at a Pearson VUE testing site will be available at a charge of \$45 per exam.
- Private applicators applying soil fumigants will need to attend additional training when the license is renewed. This will appear on the new license as Category 21. Applicators with a valid private pesticide applicator license obtained prior to January 1, 2025, can continue to purchase, handle and apply soil fumigants with the current license. No additional fee will be charged for applicators obtaining a Category 21 license at the same time as a Category 20 license via in person class or online course. A third option of taking an exam at a Pearson VUE testing site will be available at a charge of \$45 per exam.
- Private applicators applying non-soil fumigants (grain bins) will need to attend additional training when the license is renewed. This will appear on the new license as Category 22. Applicators with a valid private pesticide applicator license obtained prior to January 1, 2025, can continue to purchase, handle and apply non-soil fumigants with the current license. No additional fee will be charged for applicators obtaining a Category 22 license at the same time as a Category 20 license via in person class or online course. A third option of taking an exam at a Pearson VUE testing site will be available at a charge of \$45 per exam.
- Private applicators making aerial applications (airplane, helicopter or drone) of RUPs will need to attend additional training when the license is renewed. This will appear on the new license as Category 23. Applicators with a valid private pesticide applicator license obtained prior to January 1, 2025, can continue to make aerial applications with the current license. No additional fee will be charged for applicators obtaining a Category 23 license at the same time as a Category 20 license via in person class or online course. A third

option of taking an exam at a Pearson VUE testing site will be available at a charge of \$45 per exam.

More information can be found on Missouri Department of Agriculture's Bureau of Pesticide Control's website: <https://agriculture.mo.gov/plants/pesticides/>, or contact your local MU Extension Field Specialist in Agronomy.

Source: *Valerie Tate, agronomy specialist*



Rural Energy for America Program

The USDA Rural Development administers an energy assistance program to help producers and business owners install or upgrade equipment and processes. The program is called Rural Energy for America Program (REAP). The REAP program was most recently authorized through the 2018 Farm Bill. This program provides guaranteed loan financing and grant funding to agriculture producers and rural small businesses to purchase or install renewable energy systems or make energy efficiency improvements. This program helps increase American energy independence by increasing the private sector supply of renewable energy and decreasing the demand for energy. These infrastructure investment lower energy costs for small businesses and agricultural producers; improve safety; and drive climate smart agriculture.

To be eligible for this program, agricultural producers must have at least 50% of gross income from agricultural operations and small businesses must be in rural, eligible areas of 50,000 people or less. Participants must also have no outstanding delinquent federal taxes, debt, judgment or debarment.

Grant and loan funds may be used for renewable energy systems, such as:

- ◆ Biomass (biodiesel and ethanol, anaerobic digesters, and solid fuels)
- ◆ Geothermal for electric generation or direct use
Hydropower below 30 megawatts
- ◆ Hydrogen
- ◆ Small and large wind generation
- ◆ Small and large solar generation

Funds may also be used for the purchase, installation and construction of energy efficiency improvements, such as:

- ◆ High efficiency heating, ventilation and air conditioning systems (HVAC)
- ◆ Insulation
- ◆ Lighting
- ◆ Cooling or refrigeration units
- ◆ Doors and windows
- ◆ Electric, solar or gravity pumps for sprinkler pivots
- ◆ Switching from a diesel to electric irrigation motor
- ◆ Replacement of energy-inefficient equipment, such as grain drying equipment

Available funds are implemented as loan guarantees on

loans up to 75% of total eligible project costs, grants for up to 50% of total eligible project costs, and combined grant and loan guarantee funding up to 75% of total eligible project costs. Rates and terms are negotiated with the lender and subject to USDA approval. There is a maximum term of 40 years.

Renewable Energy System Grant terms: \$2,500 minimum and \$500,000 maximum.

Energy Efficiency Grants: \$1,500 minimum and \$500,000 maximum.

Applicants must provide at least 50% of the project cost if applying for a grant only. Applicants must provide at least 25% of the project cost if applying for a loan, or a loan and grant combination. Projects greater than \$200,000 require a technical report. Energy efficiency projects require an energy audit or assessment.

To complete an application for this program, applicants must be pre-registered with the System for Award Management (SAM) and have a Unique Entity ID (UEI) number. While there is no direct cost for this, it does take time, and this is a step which can be started before even

applying. If the applicant is already registered with these systems, one would not need to register again.

Even though applications are accepted year-round, there are different deadlines for specific sources of funds. Application deadlines were on a quarterly basis in 2023 and 2024 for grants of \$20,000 or less and loan/grant of \$20,000 or less combination; and energy audit and renewable energy development assistance grants. Guaranteed loan applications are taken on a continuous basis.

The 2025 deadlines should be posted by USDA soon.

For questions, contact Nathan Tutt, Business Program Dir. for USDA Rural Development at (573) 876-9327. Visit the website for eligible locations and application forms (when available) at <https://www.rd.usda.gov/programs-services/rural-energy-america-program-renewable-energy-systems-energy-efficiency/mo>

Source: *Darla Campbell, business & community specialist*