



Assignment of Payment Form

Policies and Procedures

Assignment of Payment allows districts to direct cost-share payments to contractors, installers, designers, and technical providers using the “Assignment of Payment Authorization” form.

If the Assignment of Payment system is used, the district must obtain a copy of a W-9 tax form from the recipient of the payment prior to issuing cost share funds. When payment is directed using the Assignment of Payment form, the district will provide a 1099-NEC to the specified technical provider per the IRS deadlines. If payments bridge a calendar year, the district will issue two 1099’s to the appropriate individual or technical provider.

The Assignment of Payment Form can only be used to direct payment to ONE payee.

Cost share payments cannot be split between two or more parties (ex: between the landowner/applicant and the technical provider).

It is at the discretion of the district to determine if they will offer the Assignment of Payment system. There is an increased administrative load associated with this system.

The Assignment of Payment system is not appropriate for all contracts. It is best suited to two situations: when used with SUPP, or when the total project cost far exceeds the cost share amount. In either case, it is upon the district to determine that the accounting of the project allows for the use of Assignment of Payment. This requires keen financial tracking of the project, especially any down payments or deposits.

Districts must be sure to not overpay the technical provider. Districts cannot advance payment without the use of SUPP.

Below are two examples where Assignment of Payment could be of benefit to the applicant:

1. Start Up Payment Program (SUPP)

The SUPP program provides up to 50% of cost share as soon as an application is approved by both the Steering Committee and local district Board. Districts must opt-in to participating in SUPP (see Manual for information on opting in). SUPP cost share cannot be released more than 60 days before start of work.

In this instance, the SUPP acts as a deposit to secure a contractor. Frequently, the required deposit for a contractor ranges between 30% and 50% of total cost. The SUPP Payment can be directed to the contractor to act as the deposit and may exceed to the required deposit amount.

As written in the Assignment of Payment form, it is the responsibility of the landowner to explain the Assignment of Payment system, which may include SUPP structures.

Assignment of Payment Example using Start-Up Payment

Suzie Q applies for VCAP for a conservation landscaping mixed planting bed (CL-3) and contracts Great Gardens to design and install. The total project costs \$4,000. With 80% cost share for the project, Suzie Q can receive \$3200 in cost share.

Suzie Q’s district (Appalachia SWCD) has opted into SUPP and Suzie has requested to use both SUPP and Assignment of Payment. They have fully informed Great Gardens about the nature of Assignment of Payment, emphasizing:

- The first SUPP check would be from Appalachia SWCD to Great Gardens for \$1600.
- The first SUPP check would not be cut until 60 days before the start of work, as identified on Form 9.
- This would serve as the deposit or down payment
- The technical provider would receive a 1099-NEC from Appalachia SWCD during the first month of the year following payment. If the payments bridge a calendar year, two 1099-NECs would be issued.
- The payment reimbursement from the SWCD may take two or more months.

The district would select “SUPP Payments” and “Any and All Cost Share” on the Assignment of Payment form and have the landowner sign.

If Great Gardens required their deposit more than 60 days before the start of work in order to secure the contract, Assignment of Payment cannot be used. However, SUPP can still be used—and Appalachia SWCD would direct the SUPP payment to Suzie Q. Suzie Q would need to provide the deposit to Great Gardens.

If Great Gardens accepted that the payment would not be released any sooner than 60 days before start of work, SUPP and Assignment of Payment could be used together.

As soon as the application is approved by the Steering Committee, the Association cuts a check to Appalachia SWCD for \$1600. The district holds the check until no sooner than 60 days before start of work and pays Great Gardens directly.

When the project is completed, Appalachia SWCD submits the payment request for Suzie Q’s project through the local district Board and the Steering Committee. The Association of Soil and Water Conservation Districts would cut the final cost share check to Appalachia SWCD for \$1600.

Appalachia SWCD would direct payment to Great Gardens for \$1600 (and this could take to 2 months or longer). Suzie Q would still need to pay the 20% remaining on the bill, valued at \$800.

In this example, Appalachia SWCD wrote two checks to one entity.

The payment summary is as follows:

Date	Amount	Payer	Payee
Start of Project SUPP Payment *no earlier than 60 days before work	\$1,600	Appalachia SWCD	Great Gardens
Project Completion	\$800	Suzie Q	Great Gardens
Payment Reimbursement Completed/Final SUPP	\$1,600	Appalachia SWCD	Great Gardens
	TOTAL: \$4,000		

2. Project Costs Far Exceed Cost Share

When the cost of the project far exceeds the total cost share, there may be an opportunity to use the Assignment of Payment form in the absence of SUPP.

In this case, the landowner would pay any required deposits to the contractor. At the conclusion of the project, the landowner would submit for reimbursement to the district with an invoice showing that the contractor has been paid all funds *except the cost share amount to be paid*.

The district staff must be careful to assure that when the cost share payment is directed to the contractor, the contractor is not overpaid. As the Assignment of Payment form cannot be used to split payments between two parties, in the event that the cost share amount exceeds the remainder due to the contractor, the form cannot be used. Be especially cautious if project costs change.

Direct Pay Example (project costs exceed cost share):

John Doe has hired Island Life Construction to install a living shoreline at his house. The project will cost \$75,000 total. Living shoreline cost share caps at \$30,000.

John Doe has fully informed Island Life Construction about the nature of Assignment of Payment, emphasizing:

- The technical provider would receive a 1099-NEC from Sandy Bay SWCD during the first month of the year following payment. If the payments bridge a calendar year, two 1099-NECs would be issued.
- The payment reimbursement from the SWCD may take two or more months.

John Doe would like to use Assignment of Payment and pay Island Life Construction directly from Sandy Bay Soil and Water Conservation District. John Doe has informed the Island Life Construction that they will receive a 1099-NEC from Sandy Bay SWCD in January of the year following payment for the tax attributed to this payment. The Assignment of Payment form is checked in the “any and all cost share” box.

Island Life Construction asks for a deposit of 30% of the total cost (\$22,500). At the conclusion of the installation, Island Life Construction invoices John Doe for the remainder of the cost (\$52,500).

John Doe’s payment request includes the original deposit receipt for \$22,500 and the final payment invoice for \$52,500. John Doe pays Island Life Construction \$22,500 directly and has written record stating that the remainder of the cost (\$30,000) will be issued from the district once payment is approved by the district Board and state Steering Committee, and this is may take two or more months.

The district and the Steering Committee approve the payment of \$30,000 in cost share. The Association of Soil and Water Conservation Districts remits payment to the district for \$30,000; the district pays Island Life Construction the entirety of the cost share payment (\$30,000).

The payments summary is as follows:

Date	Amount	Payer	Payee
Start of Project	\$22,500	John Doe	Island Life Construction
Project Completion	\$22,500	John Doe	Island Life Construction
Payment Reimbursement Completed	\$30,000	Sandy Bay Soil and Water Conservation District	Island Life Construction
	TOTAL: \$75,000		

Final Reminders:

- Districts must be cautious when using the Assignment of Payment form to assure a contractor/technical provider is not overpaid.
- No district is required to use the Assignment of Payment system. If it is used, it must be available evenly to all applicants, or secondary considerations must outline when the system is being used by the district.
- The Assignment of Payment cannot be used to pay two parties.