

# USDA



## Jefferson/Clark FSA

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# Jefferson Clark FSA News

March 2010

## DCP Signup Continues

Signup for the 2010 Direct and Counter-cyclical Payment (DCP) Program continues until June 1, 2010. Late-filed applications will not be accepted.

FSA computes DCP Program payments using base acres and payment yields established for each farm. Eligible producers receive direct payments at rates established by statute regardless of market prices. For 2010, you may request to receive advance direct payments based on 22 percent of the direct payment for each commodity associated with the farm. Counter-cyclical payment for a commodity are only issued if the effective price for a commodity is below the commodity's target price.

The electronic DCP (or eDCP) service will save you time, reduce paperwork and speed up contract processing at FSA offices. It is available to anyone eligible to participate in the DCP Program. To access this on-line service, you must have an active USDA eAuthentication Level 2 account, which requires filling out an online registration form at <http://www.eauth.egov.usda.gov> followed by a visit to the local USDA Service Center for identity verification.

## ACRE

The ACRE Program provides a safety net based on state revenue losses and acts in place of the price-based safety net of counter-cyclical payments under DCP. The June 1, 2010, signup deadline is mandatory for all participants. FSA will not accept any late-filed applications.

A payment is based on a revenue guarantee calculated using a 5-year average state yield and the most recent 2-year national price for each eligible commodity. For 2010, the 2-year price average will be based on the 2008 and 2009 crop years.

An ACRE payment is issued when both the state and the farm have incurred a revenue loss. The payment is based on 83.3% (85% in 2012) of the farm's planted acres times the difference between the state ACRE guarantee and the state revenue times the ratio of the farm's yield divided by the state expected yield. The total number of planted acres for which a producer may receive ACRE payments may not exceed the total base on the farm. Participants in ACRE will forgo counter-cyclical payments. Also a farm's direct payment is reduced by 20% and marketing assistance loan rates are reduced by 30%.

The decision to enroll in the ACRE Program is irrevocable. The owner of the farm and all producers on the farm must agree to enroll in ACRE. Once enrolled, the farm shall be enrolled for that initial crop year and will remain in ACRE through the 2012 crop year.

## Adjusted Gross Income

USDA has a Memorandum of Understanding with the Internal Revenue Service to establish an electronic information exchange process for verifying compliance with the adjusted gross income (AGI) provisions for farm programs. Written consent will be required from each producer or payment recipient for the tax review process. No actual tax data will be included in the report that IRS sends to USDA.

The agreement ensures that payments are not issued to producers whose AGI exceeds certain limits. The limits set in the 2008 Farm Bill are \$500,000 nonfarm average AGI for commodity and disaster programs; \$750,000 farm average AGI for direct payments; and \$1 million nonfarm average AGI for conservation programs.

Participants in CCC programs subject to average AGI rules must submit form CCC-927 (Individual) and/or CCC-928 (Legal Entity) to the Internal Revenue Service by June 15 to avoid interruption of program benefits. These forms may be obtained from local FSA and NRCS offices or online at: <http://forms.sc.egov.usda.gov/eforms/mainervlet>.

### ***Actively Engaged***

USDA has amended the rules that govern the requirements to be 'actively engaged' in farming. These rules apply to eligibility for payments under the Direct and Counter-cyclical Program (DCP) or Average Crop Revenue Election (ACRE) program administered by FSA.

Normally the stockholder or a member of a legal entity **must** make contributions of active personal labor and/or active personal management for the farming operation. The contributions are to be performed on regular basis, must be identifiable, and separate from the contributions of others.

The exception to this rule for a stockholder or member of a legal entity only occurs if both of the following apply:

- At least half of the interest in the legal entity is held by stockholders or members who are providing active personal labor or active personal management; and
- The total direct payments received, both directly and indirectly, by the legal entity and each of the members cannot exceed \$40,000.

### ***FSA Payment Record 1099-G***

Producers who have received payments from FSA should have received a CCC-1099-G. A CCC-1099-G is a report to the Internal Revenue Service about FSA payments made to producers during the previous calendar year. The CCC-1099-G is to help participating producers report taxable income. It is not intended to replace the program participant's responsibility to report income to the IRS.

When the CCC-1099-G is received, it should be checked with your records to see that the amounts are correct. Refunds will no longer be reported on the 1099-G, but will be available online from the FSA Financial Inquiries (FSA-FI) web-based database. Program participants with an eAuthentication user ID and password may access their refund information at FSA-FI and select "Inquiry Type 1099/Refund Reports". Refund amounts are displayed on the Producer's Year-to-Date Activity web page.

If you have questions concerning the 1099-G refund information, contact your local FSA office for assistance.

### ***Marketing Assistance Loans***

Marketing Assistance Loans for crop years 2009 through 2012 are available to producers who share in the risk of producing the crop. To be eligible, you must maintain beneficial interest in the crop through the time of application. Beneficial interest means retaining the ability to make decisions about the commodity; responsibility for loss or damage to the commodity; and title to the commodity. Once beneficial interest in a commodity is lost, the commodity is ineligible for loan even if you regain beneficial interest.

Commodity loan eligibility also requires you comply with conservation and wetland protection requirements; beneficial interest requirements, report how you use cropland acreage on the farm and ensure that the commodity meets Commodity Credit Corporation (CCC) minimum grade and quality standards. For commodities to be eligible they must have been produced by an eligible producer, be in existence and in a storable condition and be merchantable for food, feed or other uses as determined by CCC. The quality of the commodity in farm storage must be maintained throughout the term of the loan.

Producers do not have to participate in the Direct and Counter-Cyclical Program to be eligible for commodity loans.

Violating provisions of a marketing assistance loan may trigger administrative actions, such as assessing liquidated damages, calling the loan and denial of future farm-stored loans.

The most common violations are removing or disposing of a commodity being used as loan collateral without prior authorization and providing an incorrect quantity certification.

## **CREP, SAFE & Continuous CRP Available**

Environmentally sensitive acreage may be eligible for enrollment in the Conservation Reserve Enhancement Program (CREP). Continuous CRP is available in every state during the fiscal year. These targeted programs remain funded, and continue to provide increased environmental benefit in select areas.

### **Honey Loans**

Honey loans are a type of marketing assistance loan, and they are available until March 31, 2010. Market prices currently exceed the loan rate, so Loan Deficiency Payments (LDPs) are not available at this time.

To be eligible for a loan, the producer must have produced honey in the United States during the calendar year for which the loan is requested: extracted the honey on or before December 31 of the applicable crop year; have continuous beneficial interest in the honey through date of repayment of the loan; and been responsible for the financial risk of keeping. Producers are responsible for maintaining the quality of farm-stored honey during the term of the loan. Honey used as collateral may not be disposed of without approval of the county office staff.

The containers must be marked with the producer's name, type of honey, number of containers and net weight. Pre-loan inspections are required before the loans can be disbursed.

### **SURE**

Applications for the Supplemental Revenue Assistance Program (SURE) are being taken for the 2008 Crop Year. However, **both Jefferson and Clark were NOT declared a disaster county by the Secretary of Agriculture, or a contiguous county, so you must show a 50% loss to qualify.** SURE provides benefits for farm revenue losses due to natural disaster that were incurred starting in the crop year 2008 through September 30, 2011. To be eligible for SURE payments, a producer is required to obtain crop insurance on all crops of economic significance in all counties or, if crop insurance is not available, to participate in the Non-Insured Assistance Program (NAP) except for grazed acreage.

Eligible farmers and ranchers who meet the definition of Socially Disadvantaged, Limited Resource, or Beginning Farmer or Rancher are exempt from the risk management purchase requirement.

The following are the conditions that trigger SURE payments:

- at least one crop of economic significance must suffer a 10% production loss due to an eligible disaster condition
- crop of economic significance is a crop that has contributed or would have contributed at least 5% or more of the total expected revenue from all crops on the farm
- the farm experiencing the loss must be in a county declared a disaster county by the Secretary of Agriculture, or in contiguous counties. Those who show proof of an individual loss of at least 50% are also eligible to receive SURE payments for production losses or crop quality losses.

Losses are measured with consideration to the whole-farm revenue, which includes crop insurance indemnities and commodity program payments, so that producers are not paid more than once for the same loss.

### **NAP Enrollment**

Producers must apply for coverage before a disaster strikes. Noninsured Crop Disaster Assistance Program (NAP) applications for coverage must be filed using Form CCC-471 and pay the applicable service fees by the closing date. Application closing dates vary by crop. Jefferson/Clark County producers can contact the FSA Office for specific crop application sales closing dates at: 208-745-6664 ext 100.

Note that insurance coverage on all crops is required to remain eligible for the agency's Disaster Assistance Programs such as SURE, LFP, TAP, and ELAP. Producers must purchase at least catastrophic (CAT) level of insurance for all insurable crops.

NAP is a federally funded program that provides coverage to producers for non-insurable crops when low yields, loss of inventory or prevented planting occurs due to natural disasters. Crops eligible for NAP coverage are those for which crop insurance is not available, including fruits and vegetables, aquaculture, pecans, turf grass, and forage crops just to name a few.

More information about NAP may be found on the FSA web site located at <http://www.fsa.usda.gov>

### ***Crop/Acreage Reporting (Deadline is June 30, 2010)***

Crop/acreage reporting time is fast approaching. In some instances, we can take reports now (all crop acreage in CRP, winter planted crops, fallow, all acreage in pasture, etc.) If this is your situation, we would be happy to take your report NOW!

Filing an accurate acreage report for all crops to include the planting date is the responsibility of every producer. Timely reporting, including failed acreage and prevented planting acreage, can prevent the loss of benefits for a variety of FSA programs.

Failed acreage must be reported within 15 days of the disaster and before disposition of the crop. Prevented planting must be reported no later than 15 days after the final planting date.

Acreage reports on crops for which Noninsured Crop Disaster Assistance Program (NAP) are due by the **earlier** of June 30, 2010 or 15 calendar days **before** the onset of harvest or grazing of the specific crop acreage being reported. Please remember it is your responsibility to provide an accurate crop report by June 30, 2010.

Visit Idaho's FSA Website at: <http://www.fsa.usda.gov/id>

#### ***2010 Dates to Remember!***

- Ongoing** : Continuous CRP signup
- March 31<sup>st</sup>** : Final day to request loan/LDP (if available) on 2009 barley, wheat, oats, canola, honey, rapeseed, flaxseed and sesame seed
- May 31<sup>st</sup>** : Final day to request loan/LDP (if available) on corn, dry peas, grain sorghum, lentils, mustard seed, safflower seed, small chickpeas, soybeans and sunflowers
- June 1<sup>st</sup>** : Final application date for 2010 Direct & Counter-Cyclical Program /ACRE
- June 15<sup>th</sup>** : Deadline to file CCC-927 or CCC-928 with the IRS
- June 30<sup>th</sup>** : Crop Report Deadline

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