



# NEWSLETTER



September 2012

**Jefferson/Clark  
FSA Office**

210 S. 5<sup>th</sup> W.  
Rigby, Idaho 83442

**Phone:** 208-745-6664

**Fax:** 208-745-0522

**Hours**

Monday – Friday  
8:00 A.M – 4:30 P.M.

**County Committee:**

**Chairman-**  
George E. Ellsworth

**Members:**

Lee Burtenshaw  
Robert McCulloch  
Kevin Small  
Randy Grover

**County Advisor-**

Susan Stewart

**STAFF:**

**Acting CED-**Lisa Eaton  
PT- Joy Lopez  
PT- Debra Schofield

**In This Issue:**

- \*IRS Changes on 1099
- \*Successions in Interest
- \*USDA Makes Changes to Help With Drought Crisis
- \*ECP Drought Assistance
- \*Hispanic and Women Farmers and Ranchers Claims Period Announced
- \*FSA Emergency Farm Loans
- \*FSA Farm Loans
- \*Marketing Assistance Loans
- \* Farm Storage Facility Loan Program
- \* Youth Loans
- \* CREP and Continuous CRP Available
- \* Dates to Remember and Interest Rates

## IRS - Reporting Changes in IRS Form 1099-G and 1099-Misc

Beginning with calendar year 2012 IRS reporting, Kansas City will not generate and mail IRS Form 1099-G and/or IRS Form 1099-MISC to producers if the total of reportable payments for each tax identification number is less than \$600.

However, if voluntary withholding or backup (involuntary) withholding was withheld from a payment and total payments are less than \$600, then the appropriate IRS 1099 form will be issued.

Beginning with calendar year 2012 IRS reporting, Kansas City will also be issuing one IRS Form 1099-G and/or one IRS Form 1099-MISC to each multi-county producer whose total reportable payments for each tax identification number are equal to or greater than \$600.

Multi-county producer IRS forms will use the producer's mailing address associated with the lowest State number and then the lowest county number within that State identified as receiving payments for the reportable calendar year. The Kansas City address will be used as the return address on the IRS forms.

**Note:** Producers receiving less than \$600.00 in combined payments need to consult a tax advisor to determine if these payments must be reported on their tax return.

## Succession in Interest

If you have made any changes that affect your interest in base acres since you signed your last Direct and Counter-cyclical Program/ACRE contract, you must report these **successions-in-interest** to the county committee by **Sept. 30**, so that a final determination can be made on who is eligible for the program on the farm.

Changes that qualify as a succession-in-interest include:

- A sale of land
- A change of operator or producer, including an increase or decrease in the number of partners
- A foreclosure, bankruptcy or involuntary loss of the farm
- Changes in the producer's share of the crop(s) that were originally approved on the contract.

If a succession-in-interest has taken place, you, as the "predecessor", are required to refund any advance DCP payments you received for the affected base acres before a payment can be made to the "successor". Not reporting a succession-in-interest can result in contract termination and a loss of program benefits for all producers involved.

## **USDA Makes Changes To Help With Drought Crisis**

The Risk Management Agency (RMA) has announced another helpful change that livestock producers will appreciate. For the 2012 crop year, RMA will allow haying and grazing of cover crops without affecting the insurability of planted 2013 spring crops. This means farmers and ranchers can plant a cover crop without foregoing crop insurance coverage in 2013, thus giving producers another opportunity to grow needed forage and feed for this fall and winter. However, before making any plans to plant crop cover, producers should consult with their insurance agent

Another change was the commitment from the Farm Service Agency (FSA) to change the emergency loan program so that farmers and ranchers are eligible to apply earlier in the disaster recovery process. With this change, producers are no longer required to wait until the end of the production cycle to obtain a loan. That means livestock producers needing assistance today to offset increased feed costs don't have to wait.

For more information on this program or other issues, contact the FSA office located in your local USDA Service Center.

## **ECP Drought Assistance**

As part of USDA's continuing effort to assist livestock producers in response to the historic drought, Secretary Vilsack has authorized the use of nearly \$16 million to immediately help crop and livestock producers in 19 states cope with the adverse impacts of this natural disaster. In addition, USDA will initiate a transfer of \$14 million in unobligated program funds into the Emergency Conservation Program (ECP.)

## **Hispanic and Women Farmers and Ranchers Claims Period Announced**

As announced in February 2011, the voluntary claims process will make available at least \$1.33 billion for the cash awards and tax relief payments, plus up to \$160 million in farm debt relief, to eligible Hispanic and women farmers and ranchers. There are no filing fees to participate in the program.

The process offers a voluntary alternative to litigation for each Hispanic or female farmer and rancher who can prove that the USDA denied their applications for loan or loan servicing assistance for discriminatory reason for the certain periods between 1981 and 2000. Any of those individuals who allege discrimination by the USDA in past decades can file claims between September 24, 2012 and March 25, 2013.

Claimants must register for a claims package (by calling the number or visiting the website) and the claims package will be mailed to claimants. All those interested in learning more or receiving information about the claims process and claims packages are encouraged to attend meetings in your communities about the claims process and contact the website or claims telephone number.

**Website:** [www.farmerclaims.gov](http://www.farmerclaims.gov)

**Phone:** 1-888-508-4429

**Claims Period:** September 24, 2012 – March 25, 2013.

## Emergency Farm Loans

USDA's Farm Service Agency (FSA) provides emergency loans to help producers recover from production and physical losses due to drought, flooding, other natural disasters or quarantine

Emergency loan funds may be used to:

- Restore or replace essential property
- Pay all or part of production costs associated with the disaster year
- Pay essential family living expense
- Reorganize the farming operation
- Refinance certain debts

Further information and applications for the loan programs described are available at local FSA county offices. Contact your nearest office for an appointment.

## FSA Farm Loans

The Farm Service Agency is committed to providing family farmers with loans to meet their farm credit needs. If you are having trouble getting the credit you need for your farm, direct and guaranteed loans are currently available. Ask your lender about an FSA loan guarantee if you've had a setback and your lender is reluctant to extend or renew your loan.

Farm ownership loans or farm operating loans may be obtained as direct loans for a maximum of up to \$300,000. Guaranteed loans have a maximum limit of \$1,214,000. The one-time loan origination fee charged on FSA guaranteed farm ownership and operating loans is 1.5 percent of the guaranteed portion of the loan. To find out more about FSA loan programs, contact the county office staff.

## Marketing Assistance Loans

A Marketing Assistance Loan (MAL) is available for producers who share in the risk of producing the crop. To be eligible, a producer must maintain continual beneficial interest in the crop from harvest through the earlier of the date the loan is repaid or CCC takes title to the commodity. 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 the producer regains beneficial interest.

Commodity loan eligibility also requires compliance with the following: 1) conservation and wetland protection requirements, 2) beneficial interest requirements, 3) acreage reporting requirements and 4) ensuring that the commodity meets Commodity Credit Corporation 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 and/or ACRE programs 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.

## Farm Storage Facility Loan Program

The Farm Storage Facility Loan Program (FSFLP) allows producers of eligible commodities to obtain low-interest financing to build or upgrade farm storage and handling facilities.

The new maximum principal amount of a loan through FSFL is \$500,000. Participants are now required to provide a down payment of 15 percent, with CCC providing a loan for the remaining 85 percent of the net cost of the eligible storage facility and permanent drying and handling equipment. New loan terms of 7, 10 or 12 years are available depending on the amount of the loan. Interest rates for each term rate may be different and are based on the rate which CCC borrows from the Treasury Department.

Payments are available in the form of a partial disbursement and the remaining final disbursement. The partial disbursement will be available after a portion of the construction has been completed. The final fund disbursement will be made when all construction is completed. The maximum amount of the partial disbursement will be 50 percent of the projected and approved total loan amount.

Applications for FSFL must be submitted to the FSA county office that maintains the farm's records. An FSFL must be approved before any site preparation or construction can begin.

For more information about FSFL please visit your FSA county office or [www.fsa.usda.gov](http://www.fsa.usda.gov).

## Youth Loans

FSA makes loans to rural youths to establish and operate income-producing projects in connection with 4-H clubs, FFA and other agricultural groups. Projects must be planned and operated with the help of the organization advisor, produce sufficient income to repay the loan and provide the youth with practical business and educational experience. The maximum loan amount is \$5000.

### Youth Loan Eligibility Requirements:

- Be a citizen of the United States (which includes Puerto Rico, the Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands) or a legal resident alien
- Be 10 years to 20 years of age
- Comply with FSA's general eligibility requirements
- Reside in a rural area, city or town with a population of 50,000 or fewer people
- Be unable to get a loan from other sources
- Conduct a modest income-producing project in a supervised program of work as outlined above
- Demonstrate capability of planning, managing and operating the project under guidance and assistance from a project advisor. The project supervisor must recommend the project and the loan, along with providing adequate supervision.

Stop by the county office for help preparing and processing the application forms. The FSA staff can help you with questions you may have about a particular program.

## CREP & Continuous CRP Available

The Conservation Reserve Enhancement Program (CREP) allows farmers and ranchers to voluntarily enroll environmentally sensitive land into a program that decreases erosion, restores wildlife habitat and safeguards ground and surface water. CREP is a partnership with federal and state government and is limited to specific geographic areas.

Environmentally sensitive acreage qualifying for the Conservation Reserve Enhancement Program (CREP) or Continuous CRP will be eligible for annual rental payments and cost-share of up to 50 percent on approved practices. These programs will remain funded, and continue to provide heightened environmental benefits on select areas.

Dates to Remember	
Sept. 30	NAP deadline for all Fall Planted Crops and Grass Seed Crops in the Northern Dist.
Nov. 15	Crop reporting deadline for Pasture, Rangeland and all other Forage Crops.
Dec. 1	NAP deadline for Perennial Grass Seed Crops in East, South & West Districts.
Dec. 1	All other Perennials and Honey
Dec. 15	Crop reporting deadline for Fall Alfalfa seed, Fall Barley, Fall Canola, Dry Peas, Fall Mint, Fall Wheat, and other Fall Seeded Small Grains.

Selected Interest Rates for September 2012	
Farm Operating - Direct	1.125%
Farm Ownership - Direct	3.00%
Limited Resource	5.00%
Farm Ownership - Direct Down Payment, Beginning Farmer or Rancher	1.50%
Emergency Loans -Operating	1.125%
Farm Storage Facility – 7 year	1.125%
Farm Storage Facility – 10 year	1.625%
Farm Storage Facility – 12 year	1.875%