CALDWELL COUNTY NEWS

United States Department of Agriculture

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Hours

Monday - Friday
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County Committee

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Staff

Debbie Clevenger, CED
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Debbie Leeper, PT
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New Adjusted Gross Income Limits

The 2008 Farm Bill has significantly changed the Adjusted Gross Income (AGI) limitations. New AGI certifications will be required prior to producers receiving *any* 2009 program payments. There are some exceptions for the limitations including conservation benefits. The chart below provides the new limits.

IF average adjusted gross…	THEN the person or legal entity is INELIGIBLE for…
nonfarm income exceeds $500,000	all commodity, price support, and disaster assistance program benefits.
farm income exceeds $750,000	direct payments under DCP.
nonfarm income exceeds $1,000,000	all conservation program benefits, unless 66.66% or more of the average AGI was derived from activities related to farming ranching and forestry.

For the 2009 program year, the certification will consider an average of the 2005,2006 and 2007 tax years. For more details, you may view form CCC-926 'Average Adjusted Gross Income (AGI) Statement' @ www.fsa.usda.gov. Producers may also want to review their income tax forms (or get advice from your tax preparer) prior to your office visit.

All producers will be spot checked within the next three years and will be required to submit evidence such as tax records, business documents (for review only, not for retention), or a signed third-party verification deemed acceptable by CCC to verify the AGI certifications. Producers will be required to take the necessary actions to provide such documents or certification when requested.

2009 Direct and Counter Cyclical Payment (DCP) Program

FSA offices are now signing up producers for the 2009 DCP program. The sign-up period ends **June 1, 2009**. There will no longer be a "late-filed" signup period. DCP participants will be required to file new payment eligibility documents including a new farm operating plan and adjusted gross income certification. Contracts will be approved after all producers have signed the DCP contract and/or submitted all applicable documentation. An advance payment of 22% is available upon request.

Any 2009-crop year changes to the farming operation such as ownership, operator, or crop share that occur after the DCP contract is signed must be reported to the FSA office so a revised contract can be signed by all producers by September 30, 2009.

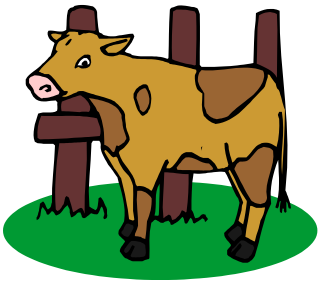
Lamb Referendum Announced

A Lamb Referendum will be held February 2, 2009 through February 27, 2009 at your local County FSA Office. Eligible producers who provide documentation for the production, feeding or slaughter of lambs from Jan. 1, 2008 - Dec. 31, 2008 are encouraged to vote. Referendums may be obtained in-person, by mail, FAX, phone or on the internet.

The Lamb Promotion, Research and Information Order will continue if a majority of the persons vote in favor. If continuing the Order is not approved by eligible persons voting, USDA will begin the process of terminating the Lamb Checkoff Program.

MILC Sign-up

The sign-up for the Milk Income Loss Contract Program (MILC) is underway. The extended sign-up phase began on Jan. 22, 2009. The extended sign-up will continue throughout the duration of the MILC program, ending on September 30, 2012.



When available, MILC payments are based on a payment rate percentage that is multiplied by the difference between a now-flexible target ($16.94 per cwt. or higher) and the specific month's Boston Class I price of milk. As of January 2009, no payment rate has been in effect.

The 2008 Farm Bill changes the provisions for payment eligibility and Adjusted Gross Income (AGI) to include MILC participants also.

February Select Interest Rates

- Farm Operating-Direct
  2.125 %
- Farm Ownership Direct
  3.75%
- Limited Resource
  5.00%
- Farm Ownership-Direct Down Payment or Beginning Farmer
  1.5%
- Emergency
  3.75%
- Farm Storage Facility
  1.875%
- Commodity Grain Loans
  1.375%

USDA Extends Comment Period for Regulation on Payment Limitations and Payment Eligibility

The comment period for the regulation defining actively engaged participation in a farming operation has been extended for an additional 60 days, as FSA is seeking a diverse range of comments from different areas of the United States and farming communities. With this extension, the public may continue to submit comments until April 6, 2009. The extension document is available at http://www.fsa.usda.gov/FSA/federalNotices?are=home&subject=lare&topic=frd-ii.

The regulation, published Dec. 29, 2008, invited comments on the interim rule for implementation of key eligibility requirements for many FSA and Natural Resources Conservation Service (NRCS) programs. The regulations were revised as mandated by the Food, Conservation, and Energy Act of 2008 (2008 Farm Bill) to make changes in payment eligibility, payment attribution, maximum income limits and maximum dollar benefit amounts for participants in CCC-funded programs. In addition, certain provisions were incorporated that are discretionary.

The actively engaged provision requires that individuals and entities must be "actively engaged in farming" with respect to a farming operation in order to be eligible for specified payments and benefits. To be "actively engaged in farming," the individual or entity must make significant contributions to the farming operation of (1) capital, equipment, land, or a combination; and (2) personal labor or active personal management, or a combination.

Under rules in effect since 1988, not every member of an entity is required to contribute active personal labor or management. The interim rule requires each partner, stockholder, or member with an ownership interest to make a contribution of active personal labor or active personal management. The contribution must be regular and substantial, and documented as well as separate and distinct from any other member's contribution. The rule limits the ability of passive stockholders to continue to realize benefits from the entity.

The substantive rule changes make the requirement for adding new persons to a farming operation more restrictive. The addition of a person to an existing farming operation can be met through an increase of 20 percent of base acres to the operation; previously the requirement was an increase of 20 percent in cropland.

Payment Limitations and Direct Attribution

A substantial change for producers is the elimination of the three permitted entity rule that allowed individuals up to three separate payment limits. If your operation will be affected by the new payment limitations, it is important to realize this now so that you may plan for the 2009 year.

Under the new Farm Bill, program payments are limited by direct attribution to individuals or entities. A legal entity is defined as an entity created under Federal or State law that owns land or an agricultural commodity, product or livestock. Through direct attribution, payment limitation is based on the total payments received by the individual, "warm body" without a restriction on the number of entities, both directly and indirectly. Qualifying spouses are eligible to be considered separate persons for payment limitation purposes, rather than being automatically combined under one limitation.

The following is a simple example of how direct attribution changes the rules effective for 2009:

Example – *DCP Direct Payment Limit equals $40,000. Farmer A operates as an individual. Farmer A and Farmer B (with no other farming interest) each have a 50% interest in Corporation A. Assuming Farmer A and Corporation A meet the $40,000 payment limit, the following shows the difference between payments received from 2008 and 2009.*

2008

- Farmer A receives $40,000 as an individual.
- Corporation A receives $40,000 as an entity.

Total payments received equals $80,000

VS

2009

- Farmer A receives $40,000 as an individual.
- Corporation A would receive $20,000 (Farmer B's share) because one of its members (Farmer A) has already received $40,000 and thus has met the payment limit.
- Farmer A's 50% share in the entity is not paid.

Total payments received equals $60,000

Individuals and entities must be "actively engaged in farming" with respect to a farming operation in order to be eligible for specified payments and benefits. To be "actively engaged in farming," the individual or entity must make significant contributions to the farming operation of: (1) capital, equipment, land, or a combination; and (2) personal labor or active personal management, or a combination. Husbands and wives can now fulfill each other's labor and management requirement.

Under the previous rules, **not** every member of an entity had to contribute active personal labor or management. Now, the interim final rule requires each partner, stockholder, or member with an ownership interest to make a contribution of active personal labor or active personal management. The contribution must be regular and substantial, and documented as well as separate and distinct from any other member's contribution. This rule will limit the ability of passive stockholders to continue to realize benefits from the entity.

Average Crop Revenue Election (ACRE)

Later this spring, producers will have a new option available through the ACRE Program. ACRE is a component of the Farm Bill safety net that protects against crop revenue shortfall resulting from price and production declines at the state and farm level.

This program provides "counter-cyclical" protection on crops a producer plants, not on the farm's historical plantings. The sign-up dates and additional details will be announced as they become available. Producers will have the choice for enrollment for either the DCP and CC Program or the ACRE plus DCP Program for 2009—2012.

Please visit us soon!

Please start thinking of signing up for the DCP program and dealing with the updated eligibility forms and issues. With the new forms and procedure required for the DCP signup in 2009, producers are reminded to allow time for their visit to the county office. We appreciate your patience as we work through the new provisions of the farm bill.

Farm Safety-

Farms are fun places and the best places to be! But they're also places where real work gets done. And some of that work involves equipment that can be dangerous. Please remember to put safety first and to be exceptionally careful during the busy time that spring will bring.

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Official Business

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Dates to Remember

February 16
President's Day Holiday
Offices Closed

March 16
Deadline to obtain 2009 NAP coverage on spring planted crops

March 31
Final Availability for 2008 crop wheat, barley, oats, honey loans and LDPs

Ongoing
- **Continuous CRP**
- **Update Farm Changes.**
- **Farm Facility Loans.**
- **Wheat, Barley and Other Small Grain Crops Reporting**
- **Monitor Stored Grain Condition**

Crop Years 2005—2007 Crop Disaster Program Deadline

Sign-up for the Crop Disaster Program (CDP) began Oct. 15, 2007. The deadline for accepting applications at the local FSA office is **Feb. 27, 2009**. All applications for both quality and quantity losses must be submitted with supporting documentation by this deadline to be considered. No late file applications will be approved after the Feb. 27 deadline.

1099-G Mailed End of January

A summary of all earned payments during the 2008 calendar year was mailed to program participants during the last week of January. If you do not receive a 1099-G and believe that you should have, or if you have questions about your 1099-G, contact your local FSA office.

Farm Storage Facility Loans

Did you need more storage capability for your farming operation? Do you have obsolete, unusable bins? Low cost loans for storage facilities continue to be available from FSA for producers to build or remodel farm storage facilities for a variety of commodities. FSFL loans approved in February will have a **1.875%** interest rate for the seven year loan.

NAP Program Deadlines

The Noninsured Crop Disaster Assistance Program (NAP) provides benefits to producers of commercial agriculture products for which multi-peril crop insurance coverage is not available. NAP is designed to reduce financial losses when natural disasters cause catastrophic reduction in production. *Producers interested in the 2009 Supplemental Revenue Assistance Program (SURE) need to be aware that NAP policies must be purchased for all crops. Without coverage producers would not be able to participate in the 2009 SURE program.*

To purchase a NAP policy you pay a fee of $250 per crop per administrative county; or $750 per producer per administrative county, but not to exceed a total of $1,875 per producer. Beginning Farmer and Limited Resource provisions apply to NAP. The fees must be paid by the applicable closing date for each crop. The coverage period begins 30 days after your application is filed and the administrative fees are paid.

The following is a sample of sales closing dates for commonly insured commodities. Please contact your local office if you are producing a non-insurable crop and wish to purchase coverage.

Double Crop Soybeans	**March 16, 2009**	**All Forages**	**March 16, 2009**
All Grasses	**March 16, 2009**	**Sweet Corn**	**March 16, 2009**
Most Other Vegetables	**March 16, 2009**	**Pumpkins**	**March 16, 2009**