

January 2016



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## North Dakota FSA eNews

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### From the State Executive Director

Happy New Year to everyone!

These winter months give a farmer or rancher time to get caught up on a little book work and do some planning for the next year. We at your Farm Service Agency are busy with a few things also. As land changes ownership or has new renters we make necessary record changes in our offices. We are currently signing up producers for their 2016 ARC/PLC contracts. A general CRP sign up is taking place until February 26, 2016, so we are helping land owners

understand their options. Training for the new county committee member is starting now in January and County Executive Directors are speaking at the many winter grower meetings held in our counties. So it is a busy productive time for FSA as well.

Stay warm and plan for spring!

Aaron Krauter

State Executive Director

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## Conservation Reserve Program General Signup

FSA is conducting a general enrollment period for the Conservation Reserve Program (CRP) that began on December 1, 2015, and ends on Feb. 26, 2016. December 2015 also marked the 30th anniversary of CRP, a federally funded program that assists agricultural producers with the cost of restoring, enhancing and protecting certain grasses, shrubs and trees to improve water quality, prevent soil erosion and reduce loss of wildlife habitat.

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## Continuous CRP Signup Options

2015 and prior years have been interesting, weather-wise, with excess rain in various parts of the state. The extra moisture may have contributed to erosion of sensitive cropland. In addition to the popular conservation practices of SAFE and/or FWP, producers should also consider enrolling land into practices such as Grassed Waterways, Contour Grass Strips, Living Snow Fences, Field Windbreaks, Filter Strips and/or Riparian Buffers. These conservation practices, along with others, address site specific conservation concerns. In addition to cost-share assistance to establish the cover associated with the practice, the named practices are also eligible for additional cost-share assistance, known as Practice Incentive Payments. The PIP is an additional cost-share payment equal to 40% of eligible cost-share establishment, bringing the total cost-share assistance to 90%. Furthermore, most of the above practices are eligible for the Signup Incentive Payment, which is a one-time, up-front payment equal to \$100 per acre. Now is the time to visit your local FSA and NRCS Offices to begin the planning and enrollment process.

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## USDA Removes Farm Program Payments to Managers Not Actively Engaged in Farming

USDA finalized a rule to ensure that farm safety-net payments are issued only to active managers of farms that operate as joint ventures or general partnerships, consistent with the direction and authority provide by Congress in the 2014 Farm Bill. The action, which exempts family farm operations, closes a loophole where individuals who were not actively part of farm management still received payments.

Since 1987, the broad definition of "actively engaged" resulted in some general partnerships and joint ventures adding managers to the farming operation, qualifying for more payments, that did not substantially contribute to management. The rule applies to operations seeking more than one farm manager, and requires measureable, documented hours and key management activities each year.

Some operations of certain sizes and complexity may be allowed up to three qualifying managers under limited conditions. The changes apply to payments for 2016 and subsequent crop years for Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) Programs, Loan Deficiency Payments (LDP) and Marketing Loan Gains (MLG) realized via the Marketing Assistance Loan program.

As required by Congress, the new rule does not apply to family farms, or change regulations related to contributions of land, capital, equipment, or labor. The changes go into effect for the 2016 crop year for most farms. Farms that have already planted fall crops for 2016 have until the 2017 crop year to comply. For more details, producers are encouraged to consult their local Farm Service Agency office.

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## IRS Reporting for Tax Year 2015

Producers which are recipients of program payments during calendar year 2015 will receive form IRS-1099-G detailing payments received from the Commodity Credit Corporation. The annual report of program payments on IRS-1099-G is a service intended to help our customers report taxable income. It is not intended to replace producer's responsibilities to report income to IRS. The mailing of form IRS-1099-G will occur in late January 2016.

CCC will not issue form IRS 1099-G when CCC program payments total less than \$600 for the calendar year. In addition, producers which receive program payments from multiple counties will receive only one IRS Form 1099-G showing all payments from all counties.

FSA staff cannot interpret IRS regulations or advise producers about which payments to report on their income tax returns. However, county office staff can review payments for accuracy.

Although refund information is not shown on the IRS 1099-G, a Customer's financial data including refund information, program payment amounts, and prior year CCC-1099 information is conveniently available via the internet through the FSA "Financial Inquiries" database (FSA-FI). Instructions for obtaining a FSA-FI user ID and password are available on the FSA web site at: <http://www.eauth.egov.usda.gov/eauthWhatIsAccount.html>

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## Livestock Indemnity Program – Deadlines Nearing

The deadline to file an application for 2015 Livestock Indemnity Program (LIP) is January 30, 2016. Since the deadline is on a Saturday, the deadline has been moved to February 1, 2016.

Producers who suffered livestock deaths due to adverse weather from January 1, 2015 through December 31, 2015 may submit a notice of loss and application for payment with their local FSA County Office by the February 1, 2016 deadline.

For 2015 livestock deaths, the notice of loss MUST have been filed within 30 calendar days from when the loss was apparent. Livestock producers suffering livestock losses may submit the notice of loss by phone, fax, email and/or in person.

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## Emergency Livestock Disaster Programs

Livestock producers, including Honeybee and Farm-raised Fish producers, are reminded that the 2016 Emergency Livestock Disaster Program (ELAP) program year began October 1, 2015 and continues through September 30, 2016.

Producers who suffer livestock losses not covered under LIP, or losses of eligible stored feed stocks, colony-collapse disorder, etc, are reminded to report these losses within 30 calendar days of when the loss is apparent. In addition to filing a notice of loss, a timely filed acreage report for the 2016 program year must also be submitted with the administrative FSA county office. For Honeybee producers who have become aware of colony collapse while in another state, the notice of loss can be filed with the local FSA office in that state.

After producers have timely filed their notice of loss and acreage report, the next step is to make the application for payment. This step must be completed no later than November 1, 2016. Since ELAP funds are limited to \$20 million per fiscal year, the national office must determine if the requested ELAP payments exceed the \$20 million allocation. If the requested 2016 ELAP benefits exceed \$20 million, all payments will be factored.

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## Bank Account Changes

Current policy mandates that FSA payments be electronically transferred into your bank account. In order for timely payments to be made, producers need to notify your county FSA office if your account has been changed or if another financial institution purchases your bank. Payments can be delayed if the FSA office is not aware of updates to your account and routing numbers.

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## Crop Year 2015 Wool

Wool and mohair producers are reminded that the deadline to apply for loans on wool and mohair shorn in calendar year 2015 is January 31, 2016.

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## Restrictions on Removing CCC Loan Collateral

Producers with grain under Commodity Credit Corporation (CCC) loan the loan collateral cannot be removed without prior authorization or repayment. Unauthorized removal, which includes removal for cleaning for seed is considered a violation and is subject to monetary and administrative penalties. CCC loans are subject to spot check. Determined shortages must be repaid with principal plus interest and additional monetary penalties plus loss of future loan eligibility and restrictions on LDP's may apply. Producers planning to remove CCC loan grain must contact their local county FSA office staff for additional information.

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## Spousal Signatures

Husbands and wives may sign documents on behalf of each other for FSA and Commodity Credit Corporation programs in which either has an interest. This option is automatically available unless a written request for exclusion is made to the county office staff by either spouse.

There are exceptions to the rule. Spouses may not sign FSA-211s on behalf of each other or sign on behalf of the other as an authorized signatory for partnerships, joint ventures, corporations or other similar entities. Spouses must have a power of attorney on file or sign personally for claim settlements, such as promissory notes, and on security documents for price support loans.

Individual signatures are also required on certain Farm Loan Program and Farm Storage Facility Loan documents.

A spouse's authority to sign documents on behalf of the other spouse does not entitle the spouse to review or receive agency records of the other spouse.

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## Preventing Crop Insurance Fraud, Waste, & Abuse

The Farm Service Agency and Risk Management Agency are partners in preventing fraud, waste and abuse in the Federal Crop Insurance Program. FSA has been, and will continue to, assist RMA and insurance providers by monitoring crop conditions throughout the growing season. In addition, FSA will refer all suspected cases of fraud, waste and abuse to RMA.

Producers can report suspected cases to the county office staff, RMA or the Office of the Inspector General.

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## Direct Loans

FSA offers direct farm ownership and direct farm operating Loans to producers who want to establish, maintain or strengthen their farm or ranch. FSA loan officers process, approve and service direct loans.

Direct farm operating loans can be used to purchase livestock and feed, farm equipment, fuel, farm chemicals, insurance and other costs including family living expenses. Operating loans can also be used to finance minor improvements or repairs to buildings and to refinance some farm-related debts, excluding real estate.

Direct farm ownership loans can be used to purchase farmland, enlarge an existing farm, construct and repair buildings, and to make farm improvements.

The maximum loan amount for both direct farm ownership and operating loans is \$300,000 and a down payment is not required. Repayment terms vary depending on the type of loan, collateral and the producer's ability to repay the loan. Operating loans are normally repaid within seven years and farm ownership loans are not to exceed 40 years.

Please contact your local FSA office for more information or to apply for a direct farm ownership or operating loan.

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## Important Dates and Deadlines

January 31 - Loan Application Deadline for 2015 Wool and Mohair  
February 1 - 2015 Livestock Indemnity Program Application Deadline  
February 26 - CRP General Signup Ends

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## January Loan and Interest Rates

Commodity Loans - 1.625%  
Operating Loans - 2.625%  
Farm Ownership Loans - 3.875%  
Farm Ownership - Down Payment Loans - 1.50%  
Emergency - Amount of Actual Loss - 3.625%  
Farm Storage Facility Loan, 7-Year - 2.000%  
Farm Storage Facility Loan, 10-Year - 2.250%  
Farm Storage Facility Loan, 12-Year - 2.375%

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